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Creative Energy Vancouver Platforms Inc.

2023 Revenue Requirements for the Core Thermal Energy System

Decision
and Order G-358-23

December 21, 2023

Before:
T. A. Loski, Panel Chair
A. C. Dennier, Commissioner
E. B. Lockhart, Commissioner

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Executive summary

On December 1, 2022, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) its 2023 Revenue Requirements Application (RRA) for the Core Steam thermal energy system serving downtown Vancouver and Northeast False Creek (collectively, Core TES) (Application). As part of the Application, Creative Energy requested, among other things, approval of thermal energy rates, effective January 1, 2023, and a proposed Inter-Affiliate Conduct and Transfer Pricing Policy (IAC/TPP).

Creative Energy previously filed an IAC/TPP with its 2021 RRA for the Core Steam System, which the BCUC did not approve as filed and the BCUC made several findings and directives, as well as recommendations for improvements for the development of Creative Energy's next IAC/TPP.

On June 8, 2023, Creative Energy filed its revised proposed IAC/TPP (Revised Proposed IAC/TPP) and an evidentiary update as directed by the BCUC. On August 10, 2023, Creative Energy filed a further evidentiary update with supporting schedules amending its 2023 revenue requirements and request for permanent approval of thermal energy service rates to $11.29 per thousand pounds of steam for all customers.

This Decision is the Panel's determination on the Revised Proposed IAC/TPP and the 2023 Core TES rates, effective January 1, 2023.

The Panel reviewed the Revised Proposed IAC/TPP, including the organizational structure of all affiliates in the Creative Energy group and the allocation of resources among the regulated and non-regulated affiliates. Based on this review, the Panel approves Creative Energy's Revised Proposed IAC/TPP as filed.

With respect to its revenue requirements and rates, Creative Energy forecasts a 2023 revenue deficiency of $1,716,960 resulting in a 15.3 percent increase in the proposed average thermal energy service rates compared to the 2022 approved rates. Key drivers of the increase are inflation, operations and maintenance expense and interest expense.

The Panel finds the 2023 load forecast for the Core TES to be reasonable for the purpose of setting rates for the period from January 1 to December 31, 2023, and approves the establishment of a non-rate base Load Forecast Variance Account (LFVA), on an on-going basis, to record the variance between forecast and actual load, effective January 1, 2023. However, the Panel emphasizes that the approval of the LFVA does not absolve Creative Energy of its responsibility to provide a well-supported load forecast in each RRA.

The Panel addresses various aspects of the proposed 2023 revenue requirements and resulting rates, including inflation, wages and benefits, sales expense, and deferral account requests. The Panel finds the 2023 forecast revenue requirements reasonable for setting permanent thermal energy rates for 2023, subject to the directives and determinations in the decision, and approves an average thermal energy rate of $11.29 per thousand pounds of steam for the Core TES on a permanent basis, effective January 1, 2023, subject to final adjustments.

1.0 Introduction

On December 1, 2022, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) its 2023 Revenue Requirements Application (RRA) for the Core thermal energy system (TES) serving downtown Vancouver (Core Steam System) and Northeast False Creek (NEFC) (collectively, Core TES) (Application) and requested, among other things, approval of thermal energy rates, effective January 1, 2023, and a proposed Inter-Affiliate Conduct and Transfer Pricing Policy (IAC/TPP) filed as Appendix C to the Application (Proposed IAC/TPP).[1]

Creative Energy previously filed an Inter-Affiliate Conduct and Transfer Pricing Policy (Original IAC/TPP) with its 2021 RRA for the Core Steam System (2021 Core RRA) which codified existing practices for conduct, transfer pricing and allocation of the costs of shared services among the Creative Energy affiliates.[2] In that proceeding, the BCUC did not approve the Original IAC/TPP as filed (2021 IAC/TPP Decision) and made several findings and directives to Creative Energy with respect to the Original IAC/TPP, as well as recommendations for improvements for the development of Creative Energy's next IAC/TPP.[3]

On January 27, 2023, Creative Energy filed an evidentiary update to the Application with supporting schedules, amending its request for thermal energy rates, with no changes to the Proposed IAC/TPP. On May 9, 2023, the BCUC issued its decision on the Proposed IAC/TPP (May 2023 IAC/TPP Decision), relating to whether Creative Energy had addressed the directives pertaining to the Original IAC/TPP as set out in the 2021 IAC/TPP Decision, which was necessary for the review of the Application.[4] Among other things, the BCUC found that Creative Energy failed to understand the BCUC's characterisation of a non-regulated affiliate and based on this, Creative Energy's interpretation of a non-regulated business had resulted in the utility contravening certain directives from the 2021 IAC/TPP Decision. The BCUC directed Creative Energy to file a revised IAC/TPP (Revised Proposed IAC/TPP) addressing the specified determinations, directives, key findings and BCUC guidance in the 2021 IAC/TPP Decision and to provide a second evidentiary update to the 2023 Core TES revenue requirements reflecting the necessary revisions as a result of the Revised Proposed IAC/TPP.[5]

On June 8, 2023, Creative Energy filed its Revised Proposed IAC/TPP and the evidentiary update as directed.[6] On August 10, 2023, Creative Energy filed a third evidentiary update with supporting schedules amending its 2023 revenue requirements and request for permanent approval of thermal energy service rates to $11.29 per thousand pounds of steam (M#) for all customers.[7]

Unless otherwise indicated, references to the Application in the following text are references to the Application as supplemented by the three evidentiary updates noted above.

[1] Exhibit B-1, Cover Letter, Section 1.3, p. 6.
[2] Creative Energy 2021 Core RRA, Exhibit B-1, Section 2.1, pp. 9–10.
[3] Creative Energy 2021 IAC/TPP Decision and Order G-234-21, pp. 13–14 and 18.
[4] Exhibit A-4 (May 2023 IAC/TPP Decision).
[5] Exhibit A-4 (May 2023 IAC/TPP Decision), Section 3.0, pp. 14-15.
[6] Exhibit B-6.
[7] Exhibit B-12, p. 9.

This Decision is the Panel's determination on the Revised Proposed IAC/TPP and the 2023 Core TES rates, effective January 1, 2023. The Panel reviews the evidence, considers the positions of the parties, discusses the issues arising and outlines its determinations on the Revised Proposed IAC/TPP and 2023 rates.

1.1 Background on Creative Energy

Creative Energy is a wholly owned subsidiary of Creative Energy Developments Limited Partnership (CEDLP), which in turn is a wholly owned subsidiary of Creative Energy Holdings Limited Partnership (CE Holdings). CE Holdings is a partnership of Creative Energy Canada Platforms Corp. (ultimately owned by Westbank Holdings) and Emanate Energy Solutions Inc. (ultimately owned by InstarAGF Essential Infrastructure Fund).[8]

Creative Energy owns and operates several TES, including the Core TES, the South Downtown (Vancouver House) Heating TES and Cooling DCS[9] systems, the Kensington Gardens TES for Heating and Cooling and the Main & Keefer TES for Heating.[10] The Core TES is the largest, serving more than 200 connected buildings in NEFC and downtown Vancouver.[11]

1.1 Approvals Sought

Creative Energy seeks the following approvals:[12]

1. Rate related approvals sought:
    - (a) Permanent approval, effective January 1, 2023, of the thermal energy rates and System Contribution Charge that will result from Creative Energy's 2023 forecast revenue requirement, as filed in the Application;
    - (b) Approval of a 2023 thermal energy load forecast of an equivalent basis of 1,144,000 M# for the purpose of determining the average thermal energy rates increase for 2023 and for other rate-making purposes as required;
    - (c) Approval of the following deferral accounts requests:
        - Establish a Load Forecast Variance Account (LFVA) on an ongoing basis to capture the annual variance between forecast and actual load, effective January 1, 2023;
        - Close and cease reporting on the existing COVID-19 deferral account for the Core Steam System, effective December 31, 2022, with the credit balance in this account to be applied to the 2023 revenue requirements to mitigate the rate increase;[13]

[8] Exhibit B-1, Section 2.2, p. 9.
[9] District cooling system.
[10] Exhibit B-1, Section 2.2.3, p. 11.
[11] Exhibit B-6, Section 3.1, p. 6.
[12] Creative Energy Final Argument, p. 3.
[13] Exhibit B-8, BCUC IR 8.4.

- Establish a new non-rate-base deferral account to record costs from the refinancing that occurred in March 2023 with a three-year amortization period;[14] and
- Amend the definition of the Third Party Regulatory Costs Deferral Account (TPRCDA) to include third party consulting costs related to Long-Term Resource Plan (LTRP). Record 2022 actuals, any variance between the 2023 forecast LTRP costs of $140,000 and the actual costs, and any variance between 2024 forecast LTRP costs and actual costs in the TPRCDA, with the amortization period to be determined in a future LTRP proceeding.[15]

2. Approval of the costs relating to the development of Creative Energy's LTRP, as filed in the Application, with the recovery through an appropriate deferral account;[16]
3. Approval of Creative Energy's Remote Metering Project and associated capital expenditure schedule, as described in an attachment to Creative Energy's response to BCUC Information Request (IR) No. 1: BCUC Attachment 33 – Remote Metering Project Summary (Exhibit B-8);
4. IAC/TPP related approvals sought:
   (a) Approval of the Revised Proposed IAC/TPP in respect of all affiliates in the Creative Energy group (Creative Energy Group) that are subject to regulation by the BCUC;
   (b) A determination that Creative Energy's 2023 forecast revenue requirements is in accordance with the Revised Proposed IAC/TPP.

1.2 Legislative and Regulatory Framework

Creative Energy filed the Application pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA), which set out the framework for approval of rates. In reviewing the Revised Proposed IAC/TPP, consistent with the May 2023 IAC/TPP Decision, the Panel is guided by the principles from the BCUC's Retail Markets Downstream of the Utility Meter Guidelines (RMDM Guidelines)[17] and the BCUC report for the Alternative Energy Solutions Inquiry (AES Inquiry Report).[18]

Creative Energy owns and operates several thermal energy projects subject to regulatory oversight to which the Revised Proposed IAC/TPP applies. The regulatory framework for these TES projects is set out in the BCUC's Thermal Energy Systems Regulatory Framework Guidelines (TES Guidelines), which provide a scaled approach to the regulation of TES, where the regulatory oversight increases as the size and scope of the TES increase.[19]

[14] Exhibit B-8, BCUC IR 43.1.
[15] Exhibit B-12, p. 5; Exhibit B-13, BCUC IR 22.1.
[16] Exhibit B-8, BCUC IR 45.6.
[17] Retail Markets Downstream of the Utility Meter Guidelines dated April 1997 (RMDM Guidelines). Retrieved from: https://www.bcuc.com/Documents/Guidelines/RMDMGuidelns.pdf
[18] Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives, dated December 27, 2012 (AES Inquiry Report).
[19] Order G-27-15, Appendix A, Thermal Energy Systems Regulatory Framework Guidelines (TES Guidelines).

1.3 Regulatory Process

In accordance with the regulatory timetable established by the BCUC, the review of the Application included two rounds of BCUC and intervener IRs, followed by final and reply arguments.[20] The Panel had also requested submissions on the Proposed IAC/TPP as originally filed in the Application, prior to issuing its decision on that component of the Application, as discussed in Section 1.0.

Three parties registered as interveners in the proceeding:[21]

- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (BCOAPO);
- The Commercial Energy Consumers Association of British Columbia (the CEC); and
- Residential Consumer Intervener Association (RCIA).

The BCUC did not receive any letters of comment.

On December 20, 2022, the BCUC approved, on an interim basis, thermal energy rates for customers connected to the Core TES and directed Creative Energy to maintain the system contribution charge for NEFC system customers, both effective January 1, 2023, pending the review of the Application. Any variance between interim and permanent rates, as determined by the BCUC, is subject to refund to or recovery from ratepayers with interest at Creative Energy's cost of debt.[22]

1.4 Decision Framework

In this Decision, the Panel addresses the following:

- Section 2.0 considers Creative Energy's requested approval for its Revised Proposed IAC/TPP;
- Section 3.0 addresses the reasonableness of Creative Energy's 2023 load forecast and forecast revenue requirements;
- Section 4.0 sets out the Panel's overall determination on Creative Energy's 2023 thermal energy service rates; and
- Section 5.0 reviews the other approvals sought.

2.0 Revised Proposed IAC/TPP

In order to review the 2023 forecast revenue requirements that are discussed in Section 3.0, the Panel first reviews the Revised Proposed IAC/TPP, including the types of affiliate transactions, pricing methodologies, and proposed compliance measures included therein.

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[20] Orders G-379-22, G-27-23, G-110-23, G-186-23, G-221-23 and G-286-23.

[21] Exhibit C1-1, Exhibit C2-1, and Exhibit C3-1.

[22] Exhibit A-2, Order G-379-22.

As noted in Section 1.0, Creative Energy filed the Revised Proposed IAC/TPP in response to the BCUC's direction in its May 2023 IAC/TPP Decision where the BCUC determined that Creative Energy had contravened several directives from Order G-349-21 of the 2021 IAC/TPP Decision:[23]

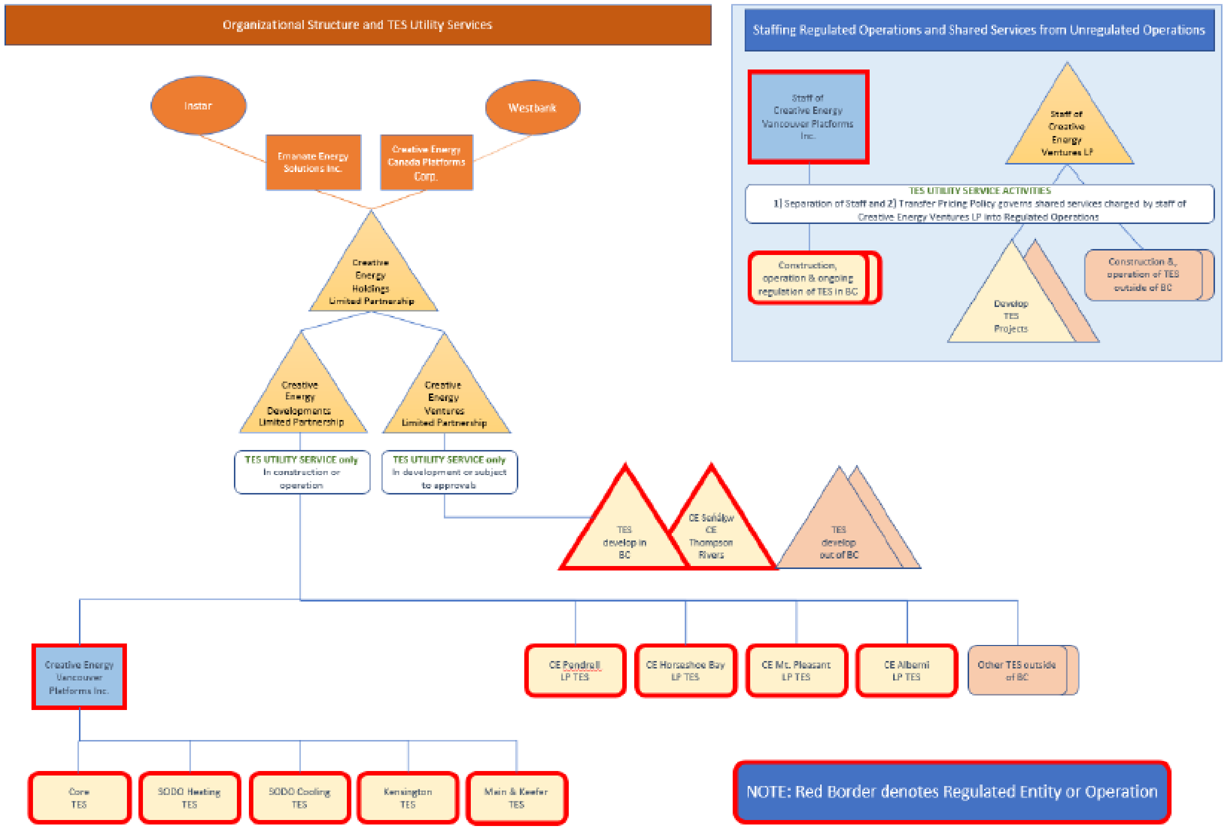
Creative Energy submits that the Revised Proposed IAC/TPP complies with the BCUC's directions and will be used to guide Creative Energy's inter-affiliate conduct and transfer pricing activities. The Revised Proposed IAC/TPP is based on the Pacific Northern Gas's Inter-Affiliate Code of Conduct dated November 2019, which was filed by the BCUC on the record of this proceeding[24] and is modified to reflect the specific nature of Creative Energy's business.[25]

<u>Organizational Structure</u>

Figure 1 below provides the ownership and affiliate structure within the Creative Energy Group for the development and provision of utility TES to which the Revised Proposed IAC/TPP applies. Creative Energy states that affiliates designated as regulated entities in accordance with the BCUC's determination[26] are outlined in red.[27]

Figure 1: Organizational Structure of the Creative Energy Group[28]

[23] Exhibit A-4, Order G-110-23.
[24] Exhibit A2-2.
[25] Exhibit B-6, Section 1, p. 3.
[26] As per the BCUC's assessment in the May 2023 IAC/TPP Decision (Exhibit A-4).
[27] Exhibit B-6, Section 3, p. 5.
[28] Exhibit B-6, Section 3, p. 5, Figure 1.



Creative Energy confirms that all business activities and services provided by affiliates within the Creative Energy Group focus solely on the planning, definition, construction, and operation of TES projects. In its view, the business and organizational structure outlined in Figure 1 supports efficient project development and operations and financing and promotes economies of scale in resource allocation.[29] As shown in the figure, the Creative Energy Group's business objective is realized through CE Holdings, a partnership between Creative Energy Canada Platforms Corp. (ultimately owned by Westbank Holdings) and Emanate Energy Solutions Inc. (ultimately owned by InstarAGF Essential Infrastructure Fund) (collectively, the Shareholders). CE Holdings was established to secure equity, support new TES projects, and facilitate short-term inter-affiliate loans to reduce operating lines or address the short-term financing needs of affiliates.[30]

Within the Creative Energy Group, Figure 1 shows that both Creative Energy and CEDLP have subsidiaries that are BCUC-regulated TES systems. The regulated TES owned and operated by Creative Energy include: (i) Core TES (Stream B); (ii) South Downtown Heating TES and Cooling DCS (Stream B TES); (iii) Kensington Gardens Heating and Cooling TES (Stream A TES); and (iv) Main & Keefer Heating TES (Stream A TES).[31] The following affiliates, which are distinct legal and BCUC-regulated entities, are wholly-owned subsidiaries of CEDLP and affiliates of Creative Energy: (i) Creative Energy Pendrell LP Heating TES (Stream A); (ii) Creative Energy Horseshoe Bay LP Heating and Cooling TES (Stream A); (iii) Creative Energy Mount Pleasant LP Cooling DCS (Stream B); and (iv) Creative Energy Alberni TES (Stream A).[32]

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[29] Exhibit B-6, Section 3, p. 4.

[30] Exhibit B-6, Section 3, p. 5.

[31] Exhibit B-6, Section 3.1, p. 6; Decision and Order G-349-21, Section 1.1.1, p. 2.

[32] Exhibit B-6, Section 3.1, p. 6; Decision and Order G-349-21, Section 1.1.1, p. 2; Decision and Order G-242-22, Section 1.4, p. 5; Order G-

In addition to the above-noted BCUC-regulated entities, Creative Energy acknowledges that the non-regulated affiliates in the Creative Energy group are: (i) CE Holdings, (ii) Creative Energy Developments Limited Partnership, (iii) Creative Energy Ventures Limited Partnership (CE Ventures), and (iii) any other affiliate that is not defined as a public utility under the UCA.[33]

Revised Proposed IAC/TPP

Creative Energy submits that the Revised Proposed IAC/TPP is guided by the following principles, which are informed by the RMDM Guidelines, the AES Inquiry Report and guidance from the May 2023 IAC/TPP Decision:[34]

- Principle 1: Reduce the risk for cross-subsidization of activities between affiliates, particularly where such cross-subsidization occurs at the expense of ratepayers of regulated entities. Creative Energy states that the Revised Proposed IAC/TPP separates activities amongst affiliates, implements controls[35] and advances transparent interaction to prevent harm to ratepayers of regulated affiliates.
- Principle 2: Risks associated with non-regulated affiliates are not borne by regulated entities. Creative Energy states that the Revised Proposed IAC/TPP is designed to ensure the risks associated with non-regulated activities are exclusively borne by non-regulated affiliates within the Creative Energy Group, thus ensuring that risks that materialize from these activities do not affect ratepayers of regulated affiliates.

Allocation of Resources

Creative Energy submits that the Revised Proposed IAC/TPP reflects a reallocation of resources among the affiliates in accordance with Directive 3 of Order G-349-21 such that no staff from Creative Energy are expected to provide services to non-regulated affiliates. CE Ventures staff are now responsible for non-regulated activities[36] while providing the same number of hours of service to Creative Energy's Core TES system as before this reallocation of resources. The only difference is that these CE Ventures staff will now charge costs from CE Ventures to Creative Energy instead of being directly employed by Creative Energy.[37]

Accounting and Information Systems

Creative Energy submits that it is committed to ensuring an appropriate degree of separation in services between regulated and non-regulated affiliates, particularly with respect to accounting and information systems. Creative Energy also states that regulated affiliates will limit the sharing of confidential or commercially sensitive information with non-regulated affiliates, particularly when such sharing could adversely affect

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[33] Exhibit B-6, Section 3.2, p. 6; Exhibit A-4 (May 2023 IAC/TPP Decision), Section 2.0, p. 13.

[34] Exhibit B-6, Section 4.1, p. 7; Exhibit B-13, BCUC IR 25.1.

[35] These controls include resource allocation, service agreements and reporting measures aimed to minimize transactions involving the provision of services from a regulated affiliate to a non-regulated affiliate and ensure necessary approval and compliance (Exhibit B-13, BCUC IR 25.1).

[36] Exhibit B-6, Section 4.3, p. 8; Exhibit B-10, CEC IR 4.1.

[37] Exhibit B-9, BCOAPO IR 11.3.

customers of the regulated service.[38] Creative Energy explains that it will maintain separate accounting and financial records related to regulated and non-regulated affiliates within the Creative Energy Group.[39]

Creative Energy explains that the Creative Energy Group uses shared information systems supporting all aspects of the business, including both regulated and non-regulated activities. Software and services contracts are held by Creative Energy, with an allocation to non-regulated affiliates, as appropriate, pursuant to the pricing methodology for affiliate services (Affiliate Services), which is reviewed below.[40]

Affiliate Transactions and Pricing Methodology

Creative Energy's Revised Proposed IAC/TPP establishes the principles and associated pricing methodologies for transactions amongst the affiliates within the Creative Energy Group.[41] Table 1 below summarizes these transactions by type, nature of services, pricing methodology and the proposed service agreement that applies due to the reallocation of resources in the Creative Energy Group.

[38] Exhibit B-6, Section 4.5.2, p. 15.
[39] Exhibit B-6, Section 4.5.1, p. 14.
[40] Exhibit B-6, Section 4.5.2, p. 15.
[41] Exhibit B-6, Section 4.4, p. 9.

Table 1: Types of Affiliate Transactions[42]

Affiliate Transaction Type	Nature of Services	Pricing Methodology	Service Agreement
Provision of Services to Regulated Entities from Non-Regulated Entities	1. Shared Corporate Services 2. Shared Technical Services	Cost Recovery	1. Shared Corporate Services Agreement 2. Shared Technical Services Agreement
Provision of Services to Non-Regulated Entities from Regulated Entities	Affiliate Services	Higher of Cost Recovery or Fair Market Value	N/A
Provision of Services to Regulated Entities from Regulated Entities.	Support Services	Cost Recovery	N/A
Emergency Services	Any service required to support emergency response by any Creative Energy affiliate	Cost Recovery	N/A

Additional details in respect of the affiliate transaction types listed in Table 1 are outlined below.

(a) Provision of Services to Regulated Entities from Non-Regulated Entities

- Shared corporate services (Shared Corporate Services): encompass the recurring corporate services provided by non-regulated affiliates to its regulated affiliates, including corporate strategy, management, financial, accounting, tax, human resources, health, and safety functions.[43]
- Shared technical services (Shared Technical Services): encompass the project-based technical services provided by non-regulated affiliates to regulated entities, including engineering, project management, and business development.[44]

Creative Energy's proposed pricing for Shared Corporate Services and Shared Technical Services (together, referred to as Shared Services) is on a cost recovery basis to ensure that no affiliate is paying more than fair market value, and customers of the regulated affiliates are not harmed.[45] Upon approval of the Revised Proposed IAC/TPP, Creative Energy intends to enter into service agreements for Shared Corporate and Shared Technical Services (Shared Services Agreements) to govern the Shared Services transaction. It adds that it will require a 2-month period following approval to implement the changes, including reallocating employees, as well as adjusting employment contracts and payroll, before executing the service agreements.[46]

(b) Provision of Services to Non-Regulated Entities from Regulated Entities

Creative Energy explains that due to the resource reallocation within the Creative Energy Group, regulated affiliates are generally not expected to provide Affiliate Services to non-regulated affiliates with the

[42] Exhibit B-6, Section 4.4.1, p. 10, Table 2.
[43] Exhibit B-6, Section 4.4.1, pp. 10–11.
[44] Exhibit B-6, Section 4.4.1, pp. 10–11.
[45] Exhibit B-6, Section 4.4.1, p. 11.
[46] Exhibit B-6, Section 4.4.1, p. 11; Section 7, p. 23.

exception of information systems, property tax and general maintenance of the building, parking lot and grounds of 720 Beatty Street. Creative Energy considers these costs to be reasonable exceptions because they are allocated based on specific contracted or legislated costs (e.g. information services and property taxes) or are infrequent or irregular in nature.[47]

Exceptions aside, Creative Energy states that if Affiliate Services are offered, the cost to the non-regulated affiliate would be determined based on the higher of cost recovery or fair market value. Given the expected infrequent nature of such services, no formal service agreement is necessary.[48] However, Creative Energy commits to seeking BCUC approval, in accordance with Directive 4 of Order G-349-21, if such transactions arise.[49] With respect to determining fair market value, Creative Energy proposes to use discretion and notes that a variety of methods may be required, varying by the service and the circumstances. The chosen method(s) will consider independent assessment, competitive tendering, competitive quotes, benchmarking studies, catalogue pricing, replacement costs or recent market transactions.[50]

(c) Provision of Services between Regulated Entities

Creative Energy refers to the provision of services among regulated affiliates as support services (Support Services). Specifically, Creative Energy explains that CE Holdings' regulated subsidiaries rely on these services, including project-based technical services such as operations, project management, and regulatory affairs. Under Creative Energy's proposed pricing policy, the pricing of Support Services is on a cost recovery basis to ensure that no affiliate is paying more than fair market value and customers of the regulated affiliates are not harmed. Creative Energy proposes that the cost recovery between regulated affiliates is determined in one of two ways: (i) project-based costs are assigned to the specific regulated affiliate, with consequential adjustments through the Massachusetts Formula, and (ii) regulated affiliates receiving services from Creative Energy will be assigned costs through the use of Creative Energy's approved Massachusetts Formula.[51]

(d) Emergency Services

Creative Energy proposes to share services and resources without a formal service agreement in the event of an emergency, with pricing on a cost recovery basis.[52]

Creative Energy states that the pricing of all types of affiliate transactions on a cost recovery basis will include the fully burdened labour costs of the individuals providing the services for the specified period, including, but not limited to, salaries, benefits, vacation, and disbursements, as applicable.[53]

Compliance and Reporting

The Revised Proposed IAC/TPP establishes requirements for compliance, reporting, and procedures in the event of non-compliance. Creative Energy proposes an annual certification of compliance with the Revised Proposed

[47] Exhibit B-8, BCUC IR 48.4, 48.4.1, 48.5, 48.5.1.
[48] Exhibit B-6, Section 4.4.1, pp. 11–12.
[49] Exhibit B-6, Section 4.4.1, p. 12, Section 4.5.2, p. 15, Section 5.2.1, Table 6, p. 20; Exhibit B-8, BCUC IR 48.1 and 48.2.
[50] Exhibit B-6, Section 4.4.3.1, p. 13; Exhibit B-8, BCUC IR 51.1.
[51] Exhibit B-6, Section 4.4.1, p. 12.
[52] Exhibit B-6, Section 4.4.1, p. 13.
[53] Exhibit B-6, Section 4.4.3.2, p. 13.

IAC/TPP and these certifications, including any instances of significant non-compliance, will be included in Creative Energy's annual reports filed with the BCUC.[54]

Further, to oversee and enforce the Revised Proposed IAC/TPP, Creative Energy states that it has hired an individual to serve as Vice President, Legal and General Counsel, starting July 2023. The newly created position will also serve as Creative Energy's Compliance Officer, with responsibilities pertaining to the Revised Proposed IAC/TPP executed in accordance with the policy.[55]

Positions of the Parties

BCOAPO and RCIA do not comment on the Revised Proposed IAC/TPP.

The CEC generally recommends that the BCUC approve the Revised Proposed IAC/TPP but submits that the pricing methodology for the provision of Affiliate Services should be on a "Cost Recovery Plus" basis, using fully loaded costs with overheads, to ensure that ratepayers of the regulated affiliate are "adequately rewarded" for providing the service to non-regulated affiliates.[56] The CEC is also concerned that the Massachusetts Formula is being "too widely used", when other cost causation principles could potentially be available.[57] The CEC recommends that the BCUC review Creative Energy's use of the Massachusetts Formula in a future proceeding to ensure that it is not unnecessarily overextended.[58]

In reply to the CEC, Creative Energy reiterates that Affiliate Services transactions are not expected to occur frequently, due to the reallocation of resources within the Creative Energy Group. The Revised Proposed IAC/TPP contemplates the potential for such services and specifies that the costs charged to the non-regulated affiliate would be based on the higher of cost recovery or fair market value. Further, any future instance of such transactions would require BCUC approval in accordance with Directive 4 of Order G-349-21.[59] Creative Energy did not reply to the CEC's recommendation with respect to the review of the Massachusetts Formula in a future proceeding.

Panel Determination

The Panel approves Creative Energy's Revised Proposed IAC/TPP as filed in the Application.

The Panel finds that the Revised Proposed IAC/TPP appropriately protects ratepayers by promoting an environment where a regulated utility does not pay an unreasonably high amount to a non-regulated affiliate for a service or product, and where a regulated utility is not subsidizing the activities of a non-regulated business. Based on the above, and further to the determinations made in May 2023 IAC/TPP Decision, the Panel finds that Creative Energy is now in compliance with the directives included in Order G-349-21 and the accompanying 2021 IAC/TPP Decision. Additionally, Creative Energy's definition of a non-regulated business is now consistent with the BCUC's characterization. Entities such as CE Holdings, CEDLP, CE Ventures, and any

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[54] Exhibit B-6, Section 4.8, p. 16.

[55] Exhibit B-6, Section 4.8, p. 16.

[56] The CEC Final Argument, pp. 3, 57 and 59.

[57] The CEC Final Argument, p. 11.

[58] The CEC Final Argument, pp. 1 and 12.

[59] Creative Energy Reply Argument, p. 4.

other affiliate not defined as a public utility under the UCA are now appropriately classified as non-regulated affiliates in the Revised Proposed IAC/TPP.

The Panel finds Creative Energy's proposed pricing methodology for each affiliate transaction type to be reasonable and considers that Creative Energy's actual fully loaded labour costs should be considered when determining the fair market value of labour. This includes, among other factors, base salary, wages, benefits, taxes, training and development costs.

In terms of transactions to regulated affiliates from non-regulated affiliates within the Creative Energy Group, the Panel is satisfied that the draft Shared Services Agreements, addressing shared corporate and shared technical services, establish a suitable framework for governing the provision of services and resources. The Shared Services Agreements provide a clear understanding of the corporate structure and relationship of the affiliates as well as insights into the allocation of resources and services amongst affiliates. The Panel accepts that Creative Energy requires a two-month timeframe to implement the changes contemplated in the Application to make the necessary changes to employee allocations, employment contracts and payroll for the agreements to take effect. **Accordingly, the Panel directs Creative Energy to file as a compliance filing the executed Shared Corporate Services agreement and Shared Technical Services agreement as described in the Revised Proposed IAC/TPP within two months of the date of issuance of this Decision.**

With respect to transactions involving the provision of services from regulated affiliates to non-regulated affiliates, the Panel is satisfied with Creative Energy's approach to use a pricing methodology that is based on the higher of cost recovery or fair market value as it strikes a balance between ensuring the regulated utility is compensated appropriately for its services and preventing cross-subsidization. The Panel denies the CEC's recommendation to use a "cost recovery plus" noting the CEC provided no evidence in support of an appropriate amount of the "plus", nor was this matter canvassed during the proceeding.

Creative Energy has clarified that only certain services, specifically those transactions related to information systems, property tax and general maintenance (pertaining to the building, parking lot and grounds of 720 Beatty), are currently provided by a regulated affiliate to a non-regulated affiliate without a formal service agreement in place. The Panel acknowledges that these transactions are infrequent in nature, based primarily on contracted or legislated costs, and the nature and allocation of the costs associated with the transactions are consistent with past RRAs, and therefore considers it reasonable for these transactions to continue without a formal service agreement in place. However, the Panel underscores that, in accordance with Directive 4 of Order G-349-21, any other type of transaction from a regulated to a non-regulated affiliate requires Creative Energy to seek advance approval from the BCUC.

The Panel adds that Creative Energy required a considerable amount of time to propose the necessary changes in the Revised Proposed IAC/TPP from the Original IAC/TPP reviewed in the 2021 IAC/TPP Decision, significantly extending the proceeding timeline. This process resulted in substantial regulatory inefficiency and could have been avoided as Creative Energy ultimately proposed the necessary changes, demonstrating commendable efforts in addressing the concerns raised by the BCUC in the 2021 IAC/TPP Decision. Such corrective actions could have been initiated without the need for the BCUC to determine that Creative Energy was in contravention of various directives. Efficient and effective proceedings are contingent upon, among other things, adherence to regulatory directives, following established process and procedures, as well as maintaining open and transparent communication. In its resolve to promote regulatory efficiency, the Panel encourages Creative Energy to adopt a more proactive and timely approach to its future filings.

Finally, the CEC raised a concern with respect to Creative Energy's apparently widespread application of the Massachusetts Formula and recommended a future review by the BCUC to ensure that this formula is not unnecessarily overextended. The Panel does not find it necessary to direct such a review at this time given there is no evidence indicating Creative Energy's use of the Massachusetts Formula poses a significant risk or results in substantial concerns.

3.0 2023 Load Forecast and Revenue Requirements

The following sections address the 2023 load forecast and revenue requirements for the Core TES.

In examining the 2023 load forecast, the Panel reviews the forecast in Section 3.1 as well as the deferral account treatment for variances between forecast and actual load in Sections 3.1.1 and 3.1.2. The deferral account treatment for load variances involves an evaluation of: (i) the existing load variance deferral account (Core COVID-19 Deferral Account), which Creative Energy proposes to close, considering that this deferral account not only records load variances but also other cost elements related to the COVID-19 pandemic in Section 3.1.1; and (ii) a new load forecast variance account (LFVA) proposed by Creative Energy as an alternative to the Core COVID-19 Deferral Account, specifically intended for recording load variances in Section 3.1.2.

In Section 3.2, the Panel reviews the 2023 forecast revenue requirements, addressing specific items brought forth by interveners or considered necessary for discussion based on the Panel's review.

3.1 2023 Load Forecast

Creative Energy seeks approval of its 2023 steam load forecast of 1,144,000 M# for the Core TES, which is equal to the 2022 Approved load forecast.[60] Creative Energy outlines that its load forecasting methodology is to take the BCUC-approved load forecast for the previous year and adjust it for any known customer additions.[61] As such, Creative Energy proposes to carry forward the 2022 Approved load forecast for the Core TES for 2023 rate-setting purposes as it projects no incremental customer loads in the period from January 1 to December 31, 2023 (2023 Test Year).[62]

In its 2022 Application for Rates for the Core Steam and Northeast False Creek Systems (2022 RRA), Creative Energy amended the load forecast to reflect the moderated impact of the COVID-19 pandemic. That is, the 2022 Approved load forecast of 1,144,000 M# incorporated a 17.6 percent increase to the 2021 Approved load forecast plus 2022 forecast customer additions as an "equivalent offset" to the 15 percent load reduction that was incorporated in the 2021 Approved forecast load. As such, Creative Energy states that the proposed 2023 load forecast essentially assumes a full load-recovery from the COVID-19 pandemic.[63]

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[60] Exhibit B-1, Section 3.1, p. 22.
[61] Exhibit B-8, BCUC IR 3.8.
[62] Exhibit B-8, BCUC IR 15.5.
[63] Creative Energy 2022 RRA Decision, p. 34; Exhibit B-8, BCUC IR 3.9.1.

While Creative Energy anticipates no material variances in the 2023 Core TES steam load forecast,[64] it states that it cannot speak to providing further precision regarding the current forecast or assumptions in comparison to prior years' approved forecasts, due to staff turnover. Creative Energy also adds that it lacks the internal resources or expertise to provide further clarification on previous years' load variances or potential future load variances. In Creative Energy's view, a more precise load forecast would come at an additional cost with no incremental value to customers since the requested approval of its proposed LFVA will capture any material variances in load, allowing customers to pay for rates based on actual load. [65]

Creative Energy provided the following summary of actual, approved and weather normal load data from 2019-2022 inclusive:

Table 2: Core TES Load[66]

Core TES Load (M#)	2019	2020	2021	2022
Approved	1,098,514	1,140,634	971,259	1,144,000
Actual	1,122,361	1,035,173	1,097,875	1,158,745
Weather Normal Actual	1,049,780	1,017,050	1,013,607	1,019,639

Creative Energy acknowledges that the proposed 2023 load forecast does not consider actual Core TES load from prior years.[67] It attributes this to the unreliability of actual load data between 2020 and 2022, primarily due to the impacts of the COVID-19 pandemic. Creative Energy explains that it would consider using weather normalized data to forecast the Core TES load once 3-5 years of post-pandemic load data becomes available.[68]

Creative Energy states that the 2022 normalized actual load is 10.9 percent lower than the 2022 Approved load forecast and represents approximately 90 percent of the total Core TES load at pre-pandemic levels.[69] While it is uncertain about the reason(s) for the difference, Creative Energy states it is open to exploring the reasons with an external expert at an additional cost, if required.[70] However, Creative Energy reiterates that any variances between the actual load and BCUC-approved forecast will be captured in the proposed LFVA, if approved, and will have no impact on customer rates in the test year.[71]

Based on the load sensitivity analysis provided for the 2023 Test Year, Creative Energy notes that a 10.9 percent reduction in the 2023 load forecast could result in a rate increase of approximately 12 percent over and above that set out in the Application (i.e. from $11.29/M# to $12.66/M#).[72]

64 Exhibit B-13, BCUC IR 2.3.
65 Exhibit B-8, BCUC IR 3.5.1 and 3.7.
66 Exhibit B-8, BCUC IR 3.9; Exhibit B-13, BCUC IR 2.1; Creative Energy 2022 RRA, Exhibit B-11, BCUC IR 22.2.
67 Exhibit B-8, BCUC IR 3.7.
68 Exhibit B-8, BCUC IR 7.2.2.
69 Exhibit B-8, BCUC IR 3.9 and 3.10.
70 Exhibit B-8, BCUC IR 3.9.1.
71 Exhibit B-8, BCUC IR 3.7.
72 Exhibit B-13, BCUC IR 2.2.

Positions of the Parties

RCIA does not provide submissions on the 2023 load forecast. The CEC recommends approving the load forecast with the expectation that the 2024 load forecast will be established based on the 2022 and 2023 weather normalized actuals.[73]

BCOAPO opposes Creative Energy's proposed methodology for load forecasting in 2023. While BCOAPO acknowledges it lacks a basis to recommend a specific load forecast adjustment, it recommends that the BCUC direct Creative Energy to include "some level of load forecast increase" to hold Creative Energy accountable for the forecast increase in staff costs, that are potentially associated with load and customer growth.[74] In reply, Creative Energy notes that BCOAPO views this approach as a means to reduce the proposed rate increase[75] and submits that the BCOAPO's suggested adjustments to the load forecast are arbitrary[76] and should be given no weight.[77]

Panel Discussion

The Panel finds the 2023 load forecast of 1,144,000 M# for the Core TES to be reasonable for the purposes of setting rates for the 2023 Test Year. The Panel notes that Creative Energy's load forecast methodology is to start with the previous year's approved forecast and adjust for known changes including any anticipated customer additions. The Panel accepts Creative Energy's expectation there will be no new customer additions, or changes to existing customer operations in 2023 that would result in a material change to the expected load. Further, the Panel accepts that the load forecast essentially assumes a full load-recovery from the COVID-19 pandemic. The Panel considers this approach to the load forecast methodology to be reasonable for the test year.

Although the Panel finds the load forecast reasonable for the purposes of setting rates for 2023, we encourage Creative Energy to improve its load forecasting capabilities through use of available data and existing resources as necessary. The Panel also sees value, especially given the energy transition, in Creative Energy including information in its next RRA comparing the forecast demand with the historical approved and actual demand, both weather normalized and non-normalized, to assist in the timely review of that application. While the Panel acknowledges the CEC's recommendation to establish the 2024 load forecast based on 2022 and 2023 weather normalized actuals, it notes challenges with using 2023 weather normalized actuals, which are not expected to be available until mid-2024. The Panel considers this delay will impact the feasibility of incorporating this data into the 2024 load forecast for the upcoming RRA filing with the BCUC.

3.1.1 COVID-19 Deferral Account

By Order G-214-20 dated August 14, 2020, the BCUC approved Creative Energy to establish a COVID-19 Deferral Account for the Core Steam (Core COVID-19 Deferral Account) to capture any incremental, unplanned expenses, unrecoverable revenues (bad debt), and direct revenue from the loss of load because of the COVID-19 pandemic. By the same order, the BCUC directed Creative Energy to file quarterly reports with the BCUC for the

[73] The CEC Final Argument, p. 15.
[74] BCOAPO Final Argument, p. 24.
[75] Creative Energy Reply Argument, p .6.
[76] Creative Energy Reply Argument, p. 4.
[77] Creative Energy Reply Argument, p. 6.

Core COVID-19 Deferral Account. In the 2021 Core RRA Decision[78] and the 2022 RRA Decision,[79] the BCUC approved an expansion of the scope of the Core COVID-19 Deferral Account to include capturing variances between the approved and the actual steam load in those test years due to the persistence of COVID-19 pandemic-related load uncertainties.[80] The 2022 RRA Decision also directed Creative Energy to include with its 2023 RRA, which is this Application: (i) a proposal to close the Core COVID-19 Deferral Account, including the disposition of the existing balance; and (ii) a proposal to establish a new load variance deferral account.[81]

In this Application, Creative Energy proposes to close the Core COVID-19 Deferral Account, effective December 31, 2022, and to cease reporting on this account. It also proposes a new load variance deferral account, which will be discussed in Section 3.1.2 below.[82] Creative Energy states that because the proposed load variance deferral account captures the same load variances as those recorded in the Core COVID-19 Deferral Account, maintaining the Core COVID-19 Deferral Account would be redundant.[83]

Creative Energy states that, as of December 31, 2022, the credit balance in the Core COVID-19 Deferral Account is ($421,224).[84] In light of this and coupled with the anticipated increase in rates for 2023, Creative Energy proposes to include the amortization of the entire credit balance in the 2023 revenue requirement.[85]

Positions of the Parties

Apart from the CEC, which does not object to Creative Energy's requests, interveners did not comment on the proposals related to the Core COVID-19 Deferral Account.[86]

Panel Determination

The Panel approves for Creative Energy the following, as applied for:

(i) **Cease recording additions to the Core COVID-19 Deferral Account, effective December 31, 2022;**

(ii) **Apply the December 31, 2022 credit balance of the Core COVID-19 Deferral Account to the 2023 forecast revenue requirements to reduce the 2023 revenue deficiency; and**

(iii) **Close and cease reporting on the Core COVID-19 Deferral Account, effective December 31, 2023.**

The Panel finds it is appropriate to close the Core COVID-19 Deferral Account given that the impacts of the pandemic have subsided in 2022, and that there is no compelling reason to continue capturing any unplanned incremental expenses or unrecoverable revenues (bad debt) associated with the COVID-19 pandemic. While recognizing that this deferral account has also functioned as a load variance mechanism since 2020, the Panel finds that maintaining the Core COVID-19 Deferral Account solely for this purpose is not transparent. The Panel

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78 Decision for Creative Energy's 2021 RRA for the Core Steam System accompanying Order G-310-21 (2021 Core RRA Decision).

79 Decision for Creative Energy's Application for Rates for the Core Steam and Northeast False Creek Systems accompanying Order G-345-22A (2022 RRA Decision).

80 2021 Core RRA Decision, Section 2.4, p. 44; Creative Energy 2022 RRA Decision, Section 4.4.3, p. 53.

81 Creative Energy 2022 RRA Decision, Section 4.4.3, p. 53.

82 Exhibit B-1, Section 3.2, pp. 23–24; Exhibit B-8, BCUC IR 8.1; Creative Energy 2022 RRA Decision, p. 58.

83 Exhibit B-8, BCUC IR 8.6.

84 Exhibit B-8, BCUC IR 8.2; Exhibit B-12, p. 7.

85 Exhibit B-8, BCUC IR 8.4.

86 The CEC Final Argument, p. 17.

considers the reasonableness of a dedicated load variance account as proposed by Creative Energy in Section 3.1.2 below.

3.1.2 Load Forecast Variance Account

Creative Energy seeks approval to establish a non-rate base LFVA carrying Creative Energy's weighted average cost of debt, effective January 1, 2023, on an ongoing basis with an "adjustable" amortization period.[87] Creative Energy submits that an adjustable amortization period allows for rate-smoothing if necessary and proposes that the amortization period for the balance in the LFVA will be determined in each RRA. This approach would allow the utility to assess whether the amortization of the entire previous year's balance is anticipated to cause rate shock within the context of other rate pressures for that year.[88]

Creative Energy attributes weather volatility as a significant factor contributing to material variances in load, and it does not anticipate differences in the number of customers or use per account to result in substantial variances within a single year.[89] Despite not expecting these factors to contribute significantly to variances, Creative Energy submits that variances from these items should not be excluded from deferral account treatment through the LFVA, as doing so would add complexity and resources to the management of the LFVA. In the absence of such exclusions, Creative Energy asserts that the regulatory and administrative costs associated with managing the LFVA will be minimal.[90]

Creative Energy explains the LFVA will reduce forecast risk for customers, because forecasts lack precision or certainty due to major events like weather. In addition, Creative Energy submits the implementation of the LFVA will save the cost of Creative Energy having to hire consultants to prepare statistical forecasts, given its limited internal resources to accurately forecast load. It adds that the LFVA would also reduce shareholder risk by decreasing year-to-year variability in its earnings before interest, taxes, depreciation and amortization, thereby alleviating pressure on Creative Energy's debt covenants. [91]

Positions of the Parties

The CEC recommends that the BCUC approve the LFVA as applied for.[92] BCOAPO does not oppose the LFVA but recommends that Creative Energy remain responsible for load forecasting and that the BCUC exercise strong regulatory oversight if the account is approved.[93]

RCIA does not object to the establishment of the LFVA, subject to a business risk reduction being reflected in the next adjudication of Creative Energy's allowed cost of capital.[94]

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[87] Exhibit B-1, Section 3.2, pp. 23–24; Exhibit B-8, BCUC IR 7.5 and 7.9.
[88] Exhibit B-8, BCUC IR 7.9.
[89] Exhibit B-8, BCUC IR 6.3.
[90] Exhibit B-8, BCUC IR 6.4; Exhibit B-13, BCUC IR 3.1.
[91] Exhibit B-8, BCUC IR 6.1.
[92] The CEC Final Argument, p. 17.
[93] BCOAPO Final Argument, p. 24.
[94] RCIA Final Argument, p. 5.

In reply, Creative Energy makes no arguments in response to the intervener's submissions but submits that the current RRA is not the appropriate forum for adjudicating its cost of capital.[95]

Panel Determination

The Panel approves the establishment of a non-rate base LFVA, on an on-going basis, to record the variance between forecast and actual load, effective January 1, 2023 and accruing interest at Creative Energy's weighted average cost of debt. The Panel directs Creative Energy to include in each future RRA the proposed amortization period, with supporting rationale, for the previous year's load variance. The Panel accepts that due to the nature of steam load consumption, there are factors beyond Creative Energy's control, such as weather, economic conditions, and natural disasters, which result in a high degree of forecast uncertainty. While there are certain factors, like number of customers or use per account, that may be within Creative Energy's control, the Panel agrees that excluding variances related to these specific factors from the load variance deferral account would result in additional administrative and regulatory costs for Creative Energy, which may negate any potential savings.

The Panel considers that the proposed approach with respect to an adjustable amortization period provides Creative Energy with the flexibility and discretion to adopt a thoughtful and deliberate approach to managing load variances, taking into account the overall impact on the thermal energy service rates.

Notwithstanding the above findings and determinations, the Panel emphasizes that the approval of the LFVA does not absolve Creative Energy of its responsibility of providing a well-supported load forecast in each RRA. In fact, and as discussed in Section 3.1 of this Decision, the Panel encourages Creative Energy to improve its load forecast methodology using available data and existing resources, as necessary. This guidance, coupled with the fact that both the load forecast methodology and resulting load forecast will be reviewed in the context of each RRA, assures the Panel that there will be sufficient BCUC oversight in this area.

With regards to RCIA's submission that the establishment of a LFVA should be subject to a subsequent business risk reduction being reflected in Creative Energy's allowed cost of capital, the Panel notes that Creative Energy's risk premium will be determined in Stage 2 of the BCUC's ongoing Generic Cost of Capital proceeding. Therefore, further discussion on this matter is beyond the scope of this proceeding.

3.2 2023 Revenue Requirements

The proposed 2023 thermal energy service rates are based on Creative Energy's 2023 forecast revenue requirements and load forecast, which is discussed above in Section 3.1. Creative Energy forecasts a 2023 revenue deficiency of $1,716,960 resulting in a 15.3 percent[96] increase in the proposed average thermal energy service rates compared to the 2022 approved rates.[97]

Table 3 below summarizes Creative's Energy revenue requirements for 2022 Approved and actual, 2023 forecast, and the difference between the 2022 Approved and 2023 forecast.

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[95] Creative Energy Reply Argument, p. 13.

[96] The 15.3 percent increase has been calculated by the BCUC using the following calculation: [(2023 forecast Average Rate $/M#) / (2022 BCUC-approved Average Rate $/M#)] – 1 = (11.29 / 9.79) – 1 = 0.153

[97] Exhibit B-12, p. 11.

Table 3: 2022 Approved and Actual and 2023 Forecast Revenue Requirements[98]

Revenue Requirements Summary	2022	2022	2023	Difference From
Cost or Rate Component	**Approved**	**Actual**	**Forecast**	**2022 Approved**
O&M – Total	6,308,955	7,039,694	7,544,323	1,235,368
Wages and Benefits (Steam, Distribution & Management)	3,756,358	3,826,112	4,396,244	639,886
Water-related and Electricity Expenses	1,111,606	1,215,206	1,145,132	33,526
Maintenance and related functional Operations	553,132	722,844	649,603	96,471
Special Services (Regulatory, Audit, Legal, Consultant)	390,332	455,801	509,714	119,382
Other General & Administration & Sales Expense	497,527	819,731	843,630	346,103
Municipal Access Fee	308,787	308,787	338,627	29,840
Property Taxes	821,265	821,265	859,800	38,535
Income Taxes	279,500	280,600	200,500	(79,000)
Depreciation	1,179,449	1,270,440	1,222,740	43,291
Interest Expense (deemed)	826,000	766,611	1,367,000	541,000
Return on Equity (deemed)	1,285,000	494,632	1,280,000	(5,000)
Total Return on Rate Base	2,111,000	1,261,243	2,647,000	536,000
Subtotal	11,008,956	10,982,029	12,812,990	1,804,034
Amortization of deferral accounts in rates	185,408	138,074	98,334	(87,074)
Revenue Requirements	11,194,364	11,120,103	12,911,324	1,716,960
Load M#	1,144,000	1,144,000	1,144,000	-
Average Rate $/M#	9.79	9.72	11.29	1.50
Average Rate % increase	0.1%	n/a	15.3%	
Rate Base	31,834,763	32,048,961	31,703,840	(130,923)
Debt	18,304,989	16,665,460	18,229,708	(75,281)
Equity	13,529,774	15,383,501	13,474,132	(55,642)
Debt %	57.5%	52.0%	57.5%	0.0%
Equity %	42.5%	48.0%	42.5%	0.0%
Weighted Average Cost of Debt (estimated)	4.5%	4.6%	7.5%	3.0%
ROE	9.5%	3.2%	9.5%	0.0%
Total Return on Rate Base	6.62%	3.94%	8.35%	1.73%

The 2023 forecast revenue deficiency of $1,716,960 is calculated as the difference between Creative Energy's 2023 forecast and 2022 approved revenue requirements of $12,911,324 and $11,194,364, respectively. Key drivers of the increase are inflation, operations and maintenance expense and interest expense.

Positions of the Parties

While interveners addressed various aspects of the proposed 2023 revenue requirements and resulting rates, as noted in the following subsections, interveners generally found there to be inadequate evidence on the record to support the proposed average increase in thermal energy rates with concerns regarding inflation, wages and

[98] Table compiled based on values taken from Exhibit B-12, p. 11. The BCUC corrected totals in the last column which did not appear to be mathematically correct in the original table but were inconsequential to the Panel's determinations. In addition, the BCUC re-calculated the 2023 forecast average rate increase as described in footnote 96.

benefits, and sales expense.[99] In the sections below, the Panel focuses on these concerns raised by interveners, among other items it considers relevant in assessing the reasonableness of the proposed 2023 revenue requirements for the purposes of setting rates.

3.2.1 Operations and Maintenance

As shown in Table 3 above, 2023 Forecast Operations and Maintenance (O&M) expenses are $7,544,323 as compared to 2022 Actuals of $7,039,694 and 2022 Approved of $6,308,955.[100] The increase in 2023 Forecast is $1,235,368, which represents a 19.6 percent increase from 2022 Approved.[101] While all components of O&M expenses have increased in the 2023 Forecast compared to 2022 Approved due to inflationary pressures, which the Panel examines in Section 3.2.1.1 below, the largest driver of the overall increase, on a component basis, is wages and benefits. The Panel focuses on the forecast wages and benefits in Section 3.2.1.2, followed by two components of the Other General & Administration & Sales Expense, Avalon Hotel bad debt expenses and promotion costs in Sections 3.2.1.3 and 3.2.1.4, respectively, due to their unique nature.

3.2.1.1 Inflation

Creative Energy forecasts a 5 percent inflation rate for all O&M costs in 2023 as compared to 2022, unless specified otherwise, such as for labour costs for unionized employees (6.2 percent) and electricity costs (0.97 percent).[102]

Creative Energy explains that it changed its forecast methodology for determining forecast inflation rates in this Application compared to the 2022 RRA. In the 2022 RRA, Creative Energy used the Bank of Canada's long-term target rate of inflation of 2 percent. However, recognizing the inflation rate volatility and the increases experienced in Canada in late 2021 and during 2022, Creative Energy proposes to move away from the Bank of Canada's long-term target inflation rate of 2 percent.[103] Instead, Creative Energy bases its forecast 5 percent inflation rate on actual inflation rates during the months leading up to the filing of the Application on December 1, 2022 and the 2023 forecast inflation rates obtained from three Canadian banks – TD, HSBC, and BMO. Creative Energy states that the Canada-wide inflation rate in September and October 2022 was 6.9 percent.[104] It selected the inflation rate forecasts of TD and HSBC as they were the co-leads on Creative Energy's credit facilities at the time. Creative Energy then selected BMO as a third source from the major banks in Canada, in order to supplement the inflation outlooks provided by TD and HSBC. Given the resources available to Creative Energy when compiling its budget, Creative Energy submits that it considered using three sources was adequate and therefore, no other inflation rate forecasts from other financial institutions were considered.[105]

The 2023 forecast inflation rates from each of the banks used by Creative Energy were as follows: 3.8 percent from TD, 4.7 percent from BMO, and 5.4 percent from HSBC.[106] Creative Energy states that in arriving at the

[99] BCOAPO Final Argument, Section 9.0, p. 26; The CEC Final Argument, Section 1, pp. 1–3; RCIA Final Argument, Section 5, p. 9.
[100] Exhibit B-12, Table 1, p. 11.
[101] The 19.6 percent increase has been calculated by the BCUC as follows: 1,235,368 / 6,308,955 from Table 3.
[102] Exhibit B-1, Section 4.1, p. 26; Exhibit B-12, p. 2.
[103] Exhibit B-8, BCUC IR 9.2.1.
[104] Exhibit B-1, Section 4.1, p. 26.
[105] Exhibit B-8, BCUC IR 9.7.
[106] Exhibit B-1, Section 4.1, p. 26, footnote 3.

forecast 5 percent inflation rate judgement was applied, rather than using a mathematical average or median to the range of data sources considered. Although the average of the three banks' forecast 2023 inflation rates is 4.6 percent, Creative Energy opted to use 5 percent given that the Canada-wide inflation rate was tracking at 6.9 percent when budget forecasts were finalized in late 2022.[107] While Creative Energy notes that inflation rates were beginning to trend downwards at the time it developed the Application, the significant increases over a short period of time through late 2021 and into 2022 suggested inherent volatility in any inflation forecast underpinned by uncertainty around how quickly or to what extent actions by the Bank of Canada to increase interest rates would impact inflation.[108] Creative Energy argues that this volatility is evident in the range of inflation forecasts across the three selected banks.[109]

Positions of the Parties

The CEC was the only intervener to comment on the forecast inflation rate used by Creative Energy, submitting that past inflation rates are "irrelevant" and should be excluded from forward looking assumptions.[110] The CEC recommends that the inflation rate used should be based on an average of the 5 major Canadian banks' (TD, BMO, HSBC, CIBC, and RBC) most recent CPI[111] forecasts, or alternatively, on the most likely level of inflation as assessed by the BCUC. The CEC also submits that Creative Energy should be directed to recalculate all costs in the 2023 revenue requirements, applying inflation accordingly.[112]

In reply, Creative Energy states that considering additional inflation forecasts would not reduce the variability or uncertainty of the forecast inflation rate used in the Application. Creative Energy states that given the resources it has available, the approach it has taken is appropriate. Regarding the CEC's proposal to use the most recent CPI forecasts now available, Creative Energy submits that the CEC is only making this argument with the benefit of hindsight. In Creative Energy's view, it is not reasonable to now return to the Application and update its proposed rates on the basis of the most recent CPI forecast data available.[113]

Panel Discussion

The Panel is satisfied that Creative Energy's methodology to determine the forecast inflation rate of 5 percent for 2023 provides a reasonable basis for determining the forecast revenue requirements for 2023. In the Panel's view, Creative Energy has provided sufficient evidence to support its methodology in 2023, including the selection of the three banks used for inflation forecasts, combined with the consideration of the historical actual Canada-wide inflation rates in September and October 2022 when the Application was being prepared.

The Panel is not persuaded by the CEC's statement that past inflation rates are irrelevant for forward looking forecasts. Creative Energy's approach, which balances forward-looking forecasts with historical data, is reasonable. While we acknowledge that incorporating the inflation rate forecasts from all five major Canadian

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[107] Exhibit B-8, BCUC IR 9.2.
[108] Exhibit B-8, BCUC IR 9.2.
[109] Exhibit B-8, BCUC IR 9.2.
[110] The CEC Final Argument, p. 19.
[111] Consumer Price Index (CPI) is used as a measure of inflation. It measures the change over time in the prices paid by consumers for goods and services.
[112] The CEC Final Argument, p. 19.
[113] Creative Energy Reply Argument, p. 11.

banks could strengthen Creative Energy's methodology and further inform the forecast inflation rate, the Panel is not convinced that such analysis is required on the basis that it would infer a certain degree of false precision and there is no evidence that conducting such an analysis would result in more reasonable or more just rates.

3.2.1.2 Wages and Benefits

As shown in Table 3 above, Wages and Benefits (Steam, Distribution & Management) 2023 Forecast expenses are $4,396,244, which compares to $3,826,112 for 2022 Actuals and $3,756,358 for 2022 Approved.[114] This represents a $639,886 or 17.0 percent[115] increase over 2022 Approved. Table 4 provides a breakdown of the major drivers by business function of the increase from 2022 Approved to 2023 Forecast.

Table 4: Factors Influencing the 2023 Forecast Increase in Wages and Benefits over 2022 Approved[116]

Factor	Admin & General Salaries	Steam Production and Distribution Supervision and Labour	Total
New roles in 2023	$267,000	$35,000	$302,000
Hired at higher cost than 2022 budget	$116,000	$21,000	$137,000
Salary increases (including union wage increase)	$66,000	$126,316	$192,316
Variances for overtime and benefits	-	$32,977	$32,977
Vacation accrual	$26,000	-	$26,000
Roles planned for more months in 2023 than 2022	$21,000	-	$21,000
Updated internal cost budget for LTRP	$141,721	-	$141,721
Roles that spend less time on the Core system 2023	($189,000)	-	($189,000)
Change in Massachusetts Formula (81.4% to 79.7%)	($25,000)	-	($25,000)
Total	$423,721	$215,293	$639,014[117]

Creative Energy submits that there is "little to no correlation" between employee workload, and therefore the increase in wages and benefits, and the number of customers or forecast demand (discussed in Section 3.1). Creative Energy anticipates that the new roles added in 2022 and 2023 will help stimulate load growth going forward, primarily through the low carbon project and acquiring low carbon customers.[118]

Creative Energy explains that certain 2023 new hires directly or indirectly support customer service and business development of the low carbon system. These roles include a senior IT role, a regulatory manager, a commercial director, and a business development and marketing role that is focused on connecting new customers to the low carbon system.[119]

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114 Exhibit B-12, Table 1, p. 11.

115 Calculated by the BCUC as follows: $639,886 / $3,756,358 from Table 3 in this Decision.

116 Created by the BCUC from information in Exhibit B-8, BCUC IR 16.1, 16.2, 17.7, 18.2; Exhibit B-12, p. 6; Exhibit B-13, BCUC IR 6.1.

117 This amount differs from the $639,886 noted in Table 3 of this Decision. BCUC noted that the difference of $872 is likely due to rounding in Creative Energy's IR responses and is inconsequential to the Panel's determination on wages and benefits.

118 Exhibit B-8, BCUC IR 15.5, 15.6.

119 Exhibit B-8, BCUC IR 16.2.1.

Creative Energy states that historical staffing costs are not a good comparison for what a strong organization looks like; if these roles were not hired and strategies such as decarbonization were not put in place, the Core TES may not have been sustainable in the long-term and customers may have needed to look for alternatives. Creative Energy states that in the past five years it has been hiring and improving its team as a necessity for ensuring that the system is sustainable for the long-term. Creative Energy states that it is moving from being an understaffed organization to one that is "appropriately staffed based on the size and risk of the organization." Creative Energy further explains that the investment in adding these roles was made to get Creative Energy to a "basic level" in many areas including regulatory, IT, finance and customer relations in order to preserve existing customer relationships and to position it for future growth. Creative Energy states that none of these roles were hired with expectation of quick growth, but under a long-term strategy of revitalizing and decarbonizing the Core TES and ensuring that it will exist and serve customers for decades to come.[120]

Creative Energy notes that the increase in wages and benefits is also attributed to roles that were hired in 2022 with higher than anticipated salaries as a result of a highly competitive labour market, with those higher costs impacting the 2023 forecast as well.[121]

Creative Energy notes that the increase in wages and benefits is also attributed to salary increases that are made up of: (i) a general salary increase of 5 percent for non-union employees equal to the inflation assumption discussed in Section 3.2.1.1; and (ii) a union wage increase of 6.2 percent.[122]

Creative Energy is also forecasting $141,721 for an updated internal cost budget for the LTRP which includes allocated costs from the engineering team as follows: $64,655 from the Senior Vice President, Engineering & Innovation; $42,884 from the Director, Engineering; and $34,182 from a Project Engineer. Creative Energy notes that this work will primarily occur in Q4 2023 and is directly charged to the Core TES.[123]

During the course of the proceeding, Creative Energy provided an Excel calculation of the allocation of direct charges via the Massachusetts Formula. Included within this Excel calculation was a line item for "Bonus" within admin and general salaries in the amount of $1,109,892 for 2023, which compares to $514,233 for 2022 and $411,070 for 2021. However, this single line item in the Excel calculation is reduced by various amounts cross-charged to other affiliates, although a net bonus amount after cross-charging is not shown.[124]

Positions of the Parties

All interveners oppose some portion of the 2023 forecast for wages and benefits.

RCIA submits that the change in costs and staffing levels has not been adequately justified, especially considering Creative Energy's system and operations remain largely unchanged from previous years. RCIA also notes that Creative Energy has not reported any apparent deterioration in service quality or safety in this or past

[120] Exhibit B-16, RCIA IR 30.1.

[121] Exhibit B-1, Section 4.1.3, p. 34.

[122] Exhibit B-1, Section 4.1.3, pp. 33–34; Exhibit B-12, p. 6.

[123] Exhibit B-12, p. 6.

[124] Exhibit B-10, CEC IR 13.2, Attachment "IR Response Supporting Documents", Tab "CEC 13.2 and 13.3", Excel lines 67 to 85.

RRAs that would explain the staff augmentation. While RCIA recognizes that emerging regulatory, safety and IT requirements may necessitate hiring or replacing staff with different skill sets, it submits that there is inadequate evidence to support the timing, role, and forecast costs of the planned 2023 additions.[125] In the absence of any comprehensive and reasonable evidence outlining proposed changes in the organizational structure and any other proposed changes and additions, RCIA proposes a cap on the total increase in wages and benefits at no more than 5 percent, approximately equivalent to CPI. According to RCIA, this would reduce 2023 forecast wages and benefits expenses from $4,396,244 to $3,945,358.[126]

In reply to RCIA, Creative Energy submits that it has established a significant body of evidence in this proceeding relating to proposed staffing, including salary adjustments for existing staff, updated salary information for previously approved roles hired in 2022, and new staffing to manage emerging requirements of the utility. Creative Energy states that RCIA failed to reference any of this information or provide any specific critiques of the factors contributing to the overall change in wages. Accordingly, Creative Energy requests the Panel assign no weight to RCIA's argument.[127]

BCOAPO expresses concern about the significant increases in O&M, which it notes are predominantly driven by increases in wages and benefits. BCOAPO does not accept that such increases represent costs that are appropriately controlled and managed. BCOAPO considers that these increases indicate a lack of active cost containment measures, and that Creative Energy can control the number of new staff and increasing resources through internal cost allocation.[128]

BCOAPO views Creative Energy's proposed 19.6 percent increase in O&M as being "unreasonable and unsustainable", citing the following reasons: (i) the increase is substantially greater than an assumed 5 percent BC CPI inflation rate; (ii) lack of transparency and reasonable demonstration in internal cost allocation; and (iii) significant increases in Other General & Administration & Sales expenses. Based on these reasons, BCOAPO recommends a cap of 10 percent on Creative Energy's proposed overall O&M increase, reducing the increase from $1.235 million to $0.633 million. BCOAPO continues to view that Creative Energy should be required to incorporate productivity targets and cost control measures in future RRAs.[129]

In reply to BCOAPO, Creative Energy submits that the BCOAPO's suggested cap on operations and maintenance costs is not supported by any reasonable methodology and ignores pertinent information on the record. Creative Energy states that BCOAPO makes no arguments on the merits of any changes in wages and benefits, relying solely on their view that the increase is too high.[130]

The CEC recommends denying recovery of the bonus of $1,109,082 on the basis that Creative Energy has not sufficiently demonstrated adequate cost-effectiveness measures. Additionally, the CEC suggests denying recovery of the proposed increase in management costs and suggests constraining the increases for the Core

[125] RCIA Final Argument, pp. 6–9.
[126] RCIA Final Argument, pp. 6–9.
[127] Creative Energy Reply Argument, p. 13.
[128] BCOAPO Final Argument, pp. 18–19.
[129] BCOAPO Final Argument, pp. 18–19, 24.
[130] Creative Energy Reply Argument, p. 5.

System to a reasonable inflation amount which the CEC submits would be 3 to 5 percent. These suggestions are grounded in the absence of satisfactory justification for the proposed increases.[131]

In reply to the CEC, Creative Energy submits that the CEC's arguments have no basis in fact and do not rely on any specific evidence. Creative Energy defends its proposed changes in salaries, headcounts and allocation of resources as prudent for the Core Steam system requirements. Creative Energy argues that there is significant evidence relating to the overall increases in salaries and that the CEC's arguments lack reference to the overall merits of the Application, and therefore, should be given no weight.[132]

The CEC also expresses concern about certain aspects of the reallocation of resources in the Creative Energy Group, particularly regarding senior management resources. The CEC questions whether the skillset of both a Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are necessary for the Core TES and whether the value is reasonable relative to the associated costs.[133] The CEC recommends that the BCUC engage a human resources consultant for the 2024 RRA to review all management positions in Creative Energy, to determine whether the requirements for the Core TES justify Creative Energy's pay levels and whether the "allocations to other business is [sic] a fair allocation."[134]

In reply, Creative Energy states that its CEO and CFO bring substantial expertise, emphasizing their experience in leading and managing larger and more complex organizations than Creative Energy. The equal sharing of management resources between regulated and non-regulated affiliates benefits all affiliates within the Creative Energy Group, and without resource sharing, retaining both individuals would not be possible. Creative Energy explains that the work involved with leading the operations and development of the Core TES are complex and growing, highlighting that the Core TES is undergoing a significant transformation driven by the necessity for decarbonization, a shifting political and regulatory environment, and a myriad of other changes. Therefore, in Creative Energy's view, the CEC's argument that this operations and development work does not require 50 percent of management's time and does not provide value, is without merit. Creative Energy underscores that undertaking this significant development work for the Core TES ensures the long-term resiliency of the utility.[135]

Creative Energy adds that it does not oppose the CEC's recommendation of the BCUC engaging a human resources consultant for the 2024 RRA. However, it expresses reservations about the potential value of this approach. Creative Energy notes it has always been transparent with respect to headcount, responsibilities, and costs related to human resources supporting the Core TES. It adds that this transparency is further enhanced by the anticipated approval of the Revised Proposed IAC/TPP, which introduces additional layers of transparency and assurances. Based on these factors, Creative Energy considers there are more cost-effective ways to ensure prudency for the Core TES and that the CEC's recommendation should be rejected.[136]

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[131] The CEC Final Argument, pp. 24–25.
[132] Creative Energy Reply Argument, pp. 7–8.
[133] The CEC Final Argument, pp. 49–51.
[134] The CEC Final Argument, pp. 3 and 53.
[135] Creative Energy Reply Argument, p. 9.
[136] Creative Energy Reply Argument, p. 9.

Furthermore, the CEC recommends that the BCUC direct Creative Energy to have all management positions document their time allocations and purposes in preparation for the 2024 review.[137] Creative Energy did not offer a response to this recommendation from the CEC.

RCIA shares a similar view to the CEC with respect to the organizational changes but with a distinct perspective and recommends that Creative Energy should be required to bring forward a comprehensive Human Resources plan, outlining proposed changes in the organizational structure, descriptions of positions and proposed changes or additions. This plan would include details on the timing and forecast of costs, justification of these changes, and the impacts on Creative Energy resulting from application of the Revised Proposed IAC/TPP, in its future rate applications.[138]

Panel Determination

The Panel finds the 2023 forecast wages and benefits reasonable for determining the 2023 revenue requirements for the Core TES. The Panel acknowledges that the forecast increase of $639,886 in wages and benefits is one of the main drivers of the 2023 forecast revenue requirements and resulting rates. The Panel is satisfied that Creative Energy has adequately justified the specific drivers of the increase in wages and benefits including the new roles and the forecast LTRP internal costs. The Panel is persuaded that the 2023 forecast costs reflect Creative Energy's commitment to adopting a long-term approach to prepare and adapt its operations for the energy transition, which will ultimately benefit customers. The Panel finds merit in the proposed new hires and expects that with these new roles, Creative Energy will now be "appropriately staffed based on the size and risk of the organization."[139]

Acknowledging the external labour market conditions, the Panel notes that certain roles were hired in 2022 at costs above the 2022 budget, and these higher costs are expected to continue into 2023. The Panel considers the forecast salary increases at 5 and 6.2 percent for non-union and union employees, respectively, as reasonable. The Panel also views the other line items in Table 4 of this Decision as reasonable given the evidence provided in this proceeding.

The Panel is not persuaded by interveners' submissions regarding the increase in wages and benefits, noting that most interveners proposed arbitrary and unsupported adjustments to wages and benefits or O&M as a whole without raising objections to a specific aspect within Creative Energy's forecasts. While the CEC raised concerns about the 2023 forecast bonus, the Panel is not convinced that the bonus information referenced by the CEC accurately reflects the net bonus amount allocated to the Core TES, but rather appears to be the bonus amount prior to allocations among the affiliates within the Creative Energy Group. Based on this, the Panel does not make any specific determination on the forecast bonus amount for 2023.

The Panel acknowledges that the pace of the energy transition is accelerating, and this is leading to a demand for employees with new skills. The Panel is persuaded by Creative Energy that this transition is a driver for the forecast increase in wages and benefits. Notwithstanding this, the Panel believes Creative Energy should be transparent with respect to its plan in this area. Accordingly, **the Panel directs Creative Energy to develop and file as part of its 2025 RRA a long-term strategy outlining how the organization plans to adapt to the energy**

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[137] The CEC Final Argument, pp. 3 and 53.

[138] RCIA Final Argument, p. 9.

[139] Exhibit B-16, RCIA IR 30.1.

transition from a work force planning perspective. This report should align with Creative Energy's long term resource plan and broader goals for the energy transition. Moreover, it should provide (i) details on the compensation practices to attract and retain talent, (ii) describe how financial impacts are justified and reasonable, (iii) outline how ratepayers will benefit, and (iv) include a breakdown by year (2023 actual, 2024 projected and 2025 and onward) of the resulting wages and benefits. This plan should also include any future changes to the organizational structure of the Creative Energy Group that may impact the regulated affiliates in any capacity, including a clear description of the proposed change, the supporting rationale, and any pertinent information on timing and forecast costs to justify the proposed changes.

The Panel acknowledges the CEC's recommendation that Creative Energy should have all management positions document their time allocations and purposes in preparation for the 2025 review. However, the Panel does not consider such documentation is required, noting that this would be resource-intensive for both Creative Energy and the BCUC, and the perceived benefits of such documentation do not outweigh the expected associated costs, and therefore does not consider this to be a cost-effective method of regulatory oversight.

3.2.1.3 Avalon Hotel Bad Debt Expense

Creative Energy forecasts bad debt expense of $86,573 for 2023, which Creative Energy states compares to $nil in 2022, $32,641 in 2021, and $38,918 in 2020.[140] Included in the 2023 forecast bad debt expense, Creative Energy proposes to recover from ratepayers a bad debt expense of $65,000 relating to a single customer, the owner of the Avalon Hotel. This is in addition to Creative Energy's typical annual bad debt allowance of $21,573 for 2023.[141] Creative Energy clarifies that while it usually includes a provision for bad debt in its revenue requirements, the 2023 forecast exceeds the usual amount due to the circumstances involving the Avalon Hotel.[142]

Creative Energy explains that the Avalon Hotel has not paid Creative Energy since the end of 2019 and outlines the unpaid amounts in Table 5 below.[143]

Table 5: Avalon Hotel Unpaid Amounts 2019 to August 2023 YTD[144]

2019	2020	2021	2022	YTD 2023	Total
$1,594	$11,759	$27,318	$37,934	$29,030	$107,635

Creative Energy states that it charges interest of 2 percent per month on overdue invoices consistent with its tariff practices.[145] Creative Energy states that it has not written off any of the unpaid accounts receivable from the Avalon Hotel, but that it did record a provision for bad debt related to the Avalon Hotel in 2020 and 2021.[146]

140 Exhibit B-1, Section 4.1.7, p. 42; Exhibit B-8, BCUC IR 26.8.
141 Exhibit B-1, Section 4.1.7, p. 42; Exhibit B-8, BCUC IR 26.7.
142 Exhibit B-8, BCUC IR 26.7.
143 Exhibit B-10, CEC IR 23.5.
144 Exhibit B-10, CEC IR 23.5.1; total has been calculated by the BCUC.
145 Exhibit B-13, BCUC IR 10.1.
146 Exhibit B-10, CEC IR 23.6.

In this proceeding, Creative Energy confirmed that it has not taken any action, including legal action, against the Avalon Hotel to date[147] apart from attempting to call the Avalon Hotel and directly contacting the owner, although the exact dates of such communications were not tracked. Creative Energy states that it will send the historical balance from 2022 and earlier to collections once the BCUC provides its final decision in this proceeding.[148]

Creative Energy states that should the $65,000 in bad debt expense due to the Avalon Hotel not be included in the forecast 2023 revenue requirements, Creative Energy's shareholders would bear the cost. This would result in an estimated reduction in the proposed average thermal energy rates for 2023 by approximately $0.06/M#.[149]

Positions of the Parties

The CEC was the only intervener to comment on Creative Energy's bad debt expense, stating that the bad debt expense of $86,573 is "unacceptable" given that Creative Energy appears to have been aware of, and able to anticipate, the non-payment of $65,000 from the Avalon Hotel for some time, and that it has been charging interest on this debt. The CEC states that Creative Energy's decision not to pursue the bad debt, nor to seek earlier direction from the BCUC, should be considered a shareholder responsibility. The CEC recommends that the Panel deny Creative Energy recovery of the $65,000 bad debt from the Avalon Hotel or any portion thereof, including unresolved portions in 2023.[150]

In reply, Creative Energy states that it will consider next steps in accordance with its approved General Terms and Conditions of Service. Creative Energy notes that it has always included a provision for bad debt in its rate applications and as such, it continues to seek recovery of the 2023 forecast bad debt expense as filed in the Application, including the $65,000 related to the Avalon Hotel. Creative Energy states that this cost recovery is being requested recognizing "the unique nature of the circumstances and the valid ethical considerations that led to the bad debt expense."[151]

Panel Determination

The Panel denies the recovery from ratepayers of $65,000 in bad debt expense related to the Avalon Hotel included in the 2023 forecast revenue requirement. The Panel finds that the actions taken by Creative Energy to-date in attempts to recover the outstanding debt from the Avalon Hotel are severely inadequate. The Panel finds that Creative Energy has not acted prudently nor taken reasonable efforts to mitigate the impact of the Avalon Hotel's unpaid bills, which have been accruing since 2019, before seeking BCUC approval to recover the outstanding amount from Core TES customers in this proceeding.

Notably, apart from telephone calls, Creative Energy has not taken any action, including legal recourse, against the Avalon Hotel during the three years this unpaid amount has been accruing.[152] The Panel finds these actions insufficient when considering a request to now recover this outstanding bad debt from the Core TES customers.

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[147] Exhibit B-10, CEC IR 23.8.
[148] Exhibit B-13, BCUC IR 11.1.
[149] Exhibit B-8, BCUC IR 26.10.
[150] The CEC Final Argument, p. 32.
[151] Creative Energy Reply Argument, p. 12.
[152] Exhibit B-10, CEC IR 23.5, 23.8.

3.2.1.4 Promotion Costs

Creative Energy includes a forecast of $55,000 for promotion costs to support the "Low Carbon project" and future growth in the Core TES within its 2023 forecast Sales Expense.[153] In contrast, the 2022 actual promotion costs were $888.[154] Creative Energy clarifies that the Low Carbon project includes the electric boiler project at the Core Steam plant and the connection of customers to the new plant as approved by Decision and Order C-5-22.[155]

Creative Energy states that the 2023 forecast promotion costs are the approximate costs to engage a professional communication and public relations firm to assist with the communication of information relating to the Low Carbon project and its impacts on stakeholders and the public.[156] These communications will educate stakeholders and the wider public on the benefits of the Low Carbon project, with an overall objective to increase adoption. Creative Energy submits that the Low Carbon project requires wide-spread adoption to maximize the utilization of the project to keep rates low. [157]

Positions of the Parties

The CEC was the only intervener to comment on the 2023 forecast promotion costs. The CEC states that it did not identify a satisfactory explanation to support the 2023 forecast and recommends that the Panel deny recovery of the forecast promotion costs of $55,000.[158]

In reply, Creative Energy submits that the attraction and retention of Core TES customers are essential to the long-term resiliency of the utility. It adds that given the accelerating energy transition and evolving policy landscape, it is increasingly imperative that Creative Energy be active in its efforts to retain customers and grow the system and that the benefits that arise from this work are realized by existing customers on the system. Accordingly, Creative Energy submits that the 2023 forecast promotion costs are important and necessary to safeguard the utility and its existing customers.[159]

Panel Discussion

The Panel finds the recovery of the $55,000 in promotion costs in the 2023 forecast revenue requirements to be reasonable. Creative Energy has sufficiently justified that the forecast promotion costs are for attracting and retaining customers to the Core TES, particularly in light of the energy transition. The Panel recognizes the benefits that will accrue to Core TES customers if Creative Energy is to be successful in maintaining and growing the Core TES system through incurring these promotion costs. The Panel acknowledges that the general goal of incurring these promotion costs aligns with the Clean BC Roadmap, as the Low Carbon project would contribute to the reduction of greenhouse gas emissions.

[153] Exhibit B-1, Section 4.1.7.2, p. 42.
[154] Exhibit B-8, BCUC IR 26.1.
[155] Exhibit B-8, BCUC IR 26.2.2.
[156] Exhibit B-8, BCUC IR 26.2.
[157] Exhibit B-8, BCUC IR 26.2.1.
[158] The CEC Final Argument, pp. 30–31.
[159] Creative Energy Reply Argument, p. 11.

3.2.2 Capital Additions

Creative Energy forecasts 2023 capital additions of $3,055,878 after adjustments to the 2022 closing rate base balance, deferment of manhole restoration work compared to its original plan, as well as capital additions related to IT infrastructure, as provided in the proceeding.[160]

Creative Energy states that certain 2022 forecast capital additions included in the 2022 RRA were brought forward into the Application, based on estimated costs and timelines for assets entering service. Given the timing of the 2023 RRA process, Creative Energy adjusts the 2022 closing rate base balance for known capital additions and adjusts the corresponding impact to the forecast 2023 capital additions. The adjustments to the 2022 closing balance for rate base reflect that certain projects were not completed by the end of 2022 and instead carried forward to the 2023 forecast additions. This adjustment for 2022 actuals and the shift to 2023 have resulted in a change in rate base and depreciation for 2023. Specifically, the proposed adjustments reduce the 2022 rate base additions by $1,790,477, while the 2023 rate base additions resulting from this shift are forecast to increase by $1,673,813.[161]

Creative Energy explains that it had originally planned in the Application to complete three manhole restorations (MD-1, MJ-5, MJ-3) and rebuild the West Pender line in 2023.[162] The rebuilds of manholes MJ-3 and MJ-5 are required to address safety risks associated with the potential collapse of manhole structures.[163] However, work associated with these two manholes cannot proceed without applicable permits from the City of Vancouver. As Creative Energy is still waiting for these permits, it is unlikely that the work will be completed by the end of 2023. Accordingly, Creative Energy states that it will now focus solely on the MD-1 restoration and West Pender line rebuild. Instead of capital additions of $2,600,000 for three manhole restorations in 2023, Creative Energy adjusts the 2023 rate base to $900,000 which is only the MD-1 Manhole Rebuild ($850,000) and the 177 West Pender Line rebuild ($50,000).[164]

Regarding manholes MJ-3 and MJ-5, Creative Energy states that it is installing temporary engineered interior structural steel supports to prevent the collapse of the manhole vault roof. These temporary steel supports will be relied upon until the City of Vancouver issues the applicable permits and Creative Energy is able to complete the long-term repairs.[165]

Positions of the Parties

The CEC recommends that the BCUC direct Creative Energy to file documentation, including capital expenditure reports, for all current and planned major capital projects in future RRAs.[166] BCOAPO and RCIA did not provide any submissions on capital additions.

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[160] Exhibit B-1, Section 4.6.4, p. 50, Table 40; Exhibit B-12, pp. 5, 9–10; Attachment "Evidentiary update – 2023 Core and NEFC TES RRA Schedules", Tab "Sch 4 Plant in Service".

[161] Exhibit B-12, pp. 8–9.

[162] Exhibit B-1, Appendix E, pp. 1–2.

[163] Exhibit B-9, BCUC IR 34.2.

[164] Exhibit B-12, p. 10.

[165] Exhibit B-13, BCUC IR 18.5.

[166] The CEC Final Argument, p. 41.

Panel Discussion

The Panel accepts the removal of $1,790,477 in capital costs from the 2022 closing rate base balance to reflect the actual additions in 2022. Additionally, the Panel supports Creative Energy's proposal to carry forward the capital costs of those projects not completed in 2022 to the forecast for the 2023 capital additions in the amount of $1,673,813. The Panel accepts 2023 capital additions for manhole rebuilds in the amount of $900,000, considering it a prudent approach given that timelines of manhole restoration work depend significantly on the City of Vancouver's permitting approval process. The Panel accepts the 2023 forecast rate base additions of $3,055,878, after the above-noted adjustments for 2022 actuals and manhole rebuilds, as well as the forecast capital additions related to IT infrastructure.

In response to the CEC's request for Creative Energy to file documentation reporting current and planned capital expenditures, the Panel notes that such information is already included in Creative Energy's RRAs and does not find it necessary to direct Creative Energy to file any additional documentation with its future RRAs at this time.

3.2.3 Property Taxes

Creative Energy is responsible for property taxes for the land located at 720 Beatty Street and 701 Expo Boulevard, the site of the Core Steam plant that serves the Core TES.[167] Creative Energy forecasts 2023 property taxes of $859,800, which is based on the 2022 actual property taxes escalated by five percent.[168]

In 2020, the BCUC approved Creative Energy's transfer of the development rights of 720 Beatty Street and 701 Expo Boulevard, which are surplus to the needs of the utility, to a developer for the construction of an office building and related improvements.[169] Based on the Trust Agreement between Creative Energy and the developer, Creative Energy states that its property taxes will be equitably apportioned between the parties based on floor space usage, with any increase in property taxes after rezoning allocated to the developer.[170]

Creative Energy acknowledges that it was previously directed to address the allocation and accounting for land transferred to the developer in its 2023 RRA, which is this Application.[171] In the Application, Creative Energy confirms that the land continues to be included in rate base, and there is no change in the use of land, property taxes, or leases in 2023 for the purposes of calculating the forecast revenue requirements for 2023.[172] Creative Energy notes that rezoning has occurred and resulted in increased property taxes, however, the incremental property taxes will be allocated to the developer as outlined in the Trust Agreement. Creative Energy clarifies that the change in property taxes due to rezoning did not affect the 2023 property tax forecast of $859,800 given that the forecast is based on the prior year's actual assessment. Creative Energy expects the change in the use of land to occur in 2024 but notes that the timing is still uncertain.[173]

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[167] Exhibit B-1, Section 4.3, p. 43.

[168] Exhibit B-1, Section 4.3, p. 43; Exhibit B-12, Table 1, p. 11.

[169] Order C-1-20.

[170] 2022 Core RRA, Decision and Order G-345-22A, p. 45.

[171] Exhibit B-1, Section 4.3, p. 43.

[172] Exhibit B-1, Sections 4.3 and 4.6.3, pp. 43 and 49.

[173] Exhibit B-8, BCUC IR 27.1.

Positions of the Parties

Interveners did not comment on property taxes.

Panel Determination

Creative Energy notes that it expects the change in the use of land to occur in 2024, although the exact timing remains uncertain. Based on this **the Panel directs Creative Energy to provide an update on the use of land and allocation of property taxes at the later of its next RRA or the RRA for the period in which the change in the use of land and allocation of property taxes is forecast to take place.**

3.2.4 Deferral Account Requests

Creative Energy requests approval to establish a new non-rate base deferral account to record refinancing fees, titled the Refinancing Cost Deferral Account (RCDA), and proposes changes to the Third Party Regulatory Costs Deferral Account (TPRCDA) discussed below. These approvals sought are in addition to the establishment of the LFVA and closure of the Core COVID-19 Deferral Account, among other things, as previously discussed in Sections 3.1.1 and 3.1.2, respectively.

3.2.4.1 Refinancing Cost Deferral Account (RCDA)

Creative Energy requests approval of an RCDA, effective January 1, 2023, to record refinancing costs incurred in March 2023.[174]

Creative Energy explains that the refinancing costs relate to two items: 1) refinancing the existing facilities, which expire during 2023, that are required for financing the rate base of the Core steam system, and 2) new financing for expansion and major capital improvements to the Core system, which includes the Beatty plant redevelopment, decarbonization of the Beatty plant, extension to the Butterfly building and extension of the South Downtown system into the Core system.[175] Creative Energy elaborates that as part of the Beatty redevelopment Certificate of Public Convenience and Necessity (CPCN), it would fund approximately $15 million of the project from its equity and debt, with the remainder being financed by the developer. Creative Energy states ratepayers should pay the refinancing costs as they will benefit from the value of the new assets being built.[176]

Creative Energy provides a breakdown of the March 2023 refinancing costs and the portion of the costs allocated to the Core TES in Table 6 below:

Table 6: March 2023 Refinancing Costs[177]

	Total	% based on fixed asset balance	Allocated to Core
Fee for Extension	**$118,905**	**75%**	**$89,179**

[174] Exhibit B-8, BCUC IR 43.1, 43.2.

[175] Exhibit B-8, BCUC IR 43.3.

[176] Exhibit B-13, BCUC IR 21.4.

[177] Exhibit B-8, BCUC IR 30.5.1.

Fee for New Facilities	**$170,665**	**100%**	**$170,665**
Arranger Fee	**$65,000**	**75%**	**$48,750**
Agency Fee	**$6,233**	**75%**	**$4,675**
Bank's Legal Fees	**$84,111**	**75%**	**$63,083**
Creative Energy's Legal Fees	**$59,520**	**75%**	**$44,640**
Total	**$504,434**		**$420,992**

Creative Energy requests carrying costs on the RCDA be based on its weighted average cost of debt (WACD) which is consistent with the previous deferral account requests and the amortization period be set at three years to match the term of the debt agreement and the amortization used for accounting purposes.[178] Creative Energy does not believe a one- or two-year amortization period would be appropriate as it would not match the accounting treatment. Creative Energy states, under GAAP[179], financing fees are to be amortized over the life of the agreement. Creative Energy notes that having the regulatory amortization period match the accounting ensures generational equity as customers two years from now will also be benefiting from the financing agreement.[180]

Positions of the Parties

Apart from the CEC, interveners did not comment. The CEC recommends that the BCUC approve the request as filed.[181]

Panel Determination

The Panel approves establishing a new non-rate base deferral account (2023 RCDA), accruing interest at Creative Energy's weighted average cost of debt, to record the Core TES's portion of refinancing costs. The Panel further approves $420,992 incurred to renew the existing credit facility in March 2023 to be added to the 2023 RCDA in 2023. The Panel approves a three-year amortization period for the 2023 RCDA to match the amortization period for these refinancing fees for accounting purposes.

The Panel considers it reasonable for Creative Energy to recover the costs to refinance existing facilities and finance new facilities that will be used to fund expenditures approved as part of a CPCN. The Panel also finds it is reasonable to match the amortization period to the term of the new debt facilities such that the costs and benefits of the credit facilities are aligned.

3.2.4.2 Third Party Regulatory Costs Deferral Account (TPRCDA)

In 2021, the BCUC approved[182] the continuation of the TPRCDA on an ongoing basis to capture the annual variance between forecast and actual third party costs relating to regulatory filings and proceedings required under the UCA, with the balance to be amortized over one year. Creative Energy states that the recorded

[178] Exhibit B-8, BCUC IR 43.2.2.
[179] Generally Accepted Accounting Principles.
[180] Exhibit B-13, BCUC IR 21.6.
[181] The CEC Final Argument, p. 49.
[182] Order G-310-21A.

variances include quarterly BCUC fees, Commissioner and BCUC-contractor costs charged to individual proceedings, intervener Participant Assistance Cost Awards (PACA), as well as Creative Energy's external legal costs to support regulatory submissions and proceedings.[183]

Creative Energy requests approval to include any third party Long-Term Resource Planning (LTRP) related costs not already included in the 2023 forecast revenue requirements in the TPRCDA. Creative Energy states that the LTRP is a regulatory requirement, with the cost to Core TES customers being outside of management's control.[184] Creative Energy explains that it would not include its own internal costs in the account but that contractor costs that support the LTRP work would be included.[185]

Creative Energy acknowledges that LTRP costs are not mentioned in the current definition of the TPRCDA. However, Creative Energy submits LTRP costs are similar in nature to the third party legal fees used to support Creative Energy's regulatory submissions and proceedings, which are in the current definition. As such, Creative Energy proposes that the definition of the TPRCDA should be expanded to include both its external legal and consulting costs that support Creative Energy's regulatory submission and proceedings, which would include the contractor costs for LTRP activities.[186] If the expanded definition of the TPRCDA is not approved, Creative Energy states that it would otherwise not be opposed to the creation of a new, separate deferral account specific to LTRP work.[187]

Table 7 below provides a breakdown of the 2023 forecast third party LTRP costs:

Table 7: Estimated 2023 LTRP Third Party Costs[188]

Description	**Additional Details**	**Amount**
Steam Solutions Study	Already included in budget of which $70,000 was planned for 2022	$110,000
Core Energy S2HW - Energy Screening	Currently underway	$155,200
Buildings Conversion Strategy	Quoted	$288,600
DSM opportunity assessment	Currently underway	$40,000
Contribution of Fortis BC in PH 2.2 as an incentive	Pending agreement	$(100,000)
Total		**$493,800**
Already in Cost of Service		**$140,000**
Incremental Addition to TPRCA		**$353,800**

Creative Energy confirms that in Table 7 the Steam Solutions Study line refers to the Steam Distribution Network study (Steam Study). The purpose of the Steam Study is to assess the viability of decarbonizing the steam distribution system.[189] As a part of the Steam Study costs, Creative Energy is requesting to include $63,221[190]

183 Exhibit B-1, Section 5.2, p. 54.
184 Exhibit B-12, p. 5.
185 Exhibit B-13, BCUC IR 22.4.1.
186 Exhibit B-13, BCUC IR 22.1.1.
187 Exhibit B-13, BCUC IR 22.1.
188 Exhibit B-12, p. 5.
189 Exhibit B-13, BCUC IR 23.1; Exhibit B-12, p. 5.
190 The BCUC has calculated this amount from the evidence presented in Exhibit B-8, BCUC IR 45.1 as follows: $51,000 (study costs) +

incurred in 2022.[191] Creative Energy confirms that the 2022 costs were expensed for financing reporting purposes at the time they were incurred, but will not be deferred until approved by the BCUC.[192] Creative Energy explains that it was not aware of the "scope" of the Steam Study costs at the time of the 2022 RRA, but submit that the Steam Study costs are necessary for completing LTRP activities. Creative Energy outlines that the 2022 costs became known and necessary mid-year 2022 and it did not want to delay incurring them until 2023, as this would cause further delays.[193] Creative Energy explains that forecast 2023 Steam Study costs of $140,000 are included in the 2023 forecast revenue requirements directly based on the information available at the time of filing the Application. Creative Energy proposes that 2023 actual LTRP-related costs greater than $140,000 be added to the TPRCDA.[194]

Creative Energy proposes that the amortization of the LTRP-related costs in the TPRCDA should be determined as part of a future 2024 LTRP proceeding as the LTRP will be submitted to the BCUC for approval in 2024 and the actual costs will be known by 2024.[195]

Positions of the Parties

BCOAPO and RCIA did not comment on the LTRP costs. The CEC recommends the BCUC approve the 2023 forecast LTRP costs and their addition to the TPRCDA. The CEC also submits that the "amortization of LTRP costs is appropriately allocated over the timeframe between LTRP updates."[196]

Panel Determination

The Panel approves Creative Energy's request to expand the definition of the TPRCDA to include third party consulting costs related to LTRP activities and to record any variance between the 2023 forecast LTRP costs of $140,000 and the actual costs in the TPRCDA, with the amortization period to be determined in a future LTRP proceeding. However, the Panel denies Creative Energy's request to include the 2022 actual Steam Study costs in the TPRCDA as this would constitute retroactive ratemaking.

The Panel agrees that broadening the scope of eligible costs to be recorded in the TRPCDA is reasonable as these costs are needed to support regulatory submissions and proceedings. We also find including the forecast of $140,000 for the Steam Study in the 2023 revenue requirements is reasonable. However, we find it is inappropriate to defer the actual costs incurred in 2022 for the Steam Study as the Panel views that this is retroactive rate making, regardless of whether the 2022 costs are recorded in the TPRCDA or in a separate new deferral account. The BCUC may only set rates on prospective basis with some exceptions including interim rates or the recognition of amounts in deferral accounts to be carried forward. The Steam Study costs were incurred and expensed for accounting purposes during the year without an application to the BCUC to defer the costs or to expand the definition of the TPRCDA for 2022.

$12,221 (management costs) = $63,221.

[191] Exhibit B-8, BCUC IR 45.1.

[192] Exhibit B-8, BCUC IR 45.1.2, 45.2.

[193] Exhibit B-8, BCUC IR 45.1.1.1.

[194] Exhibit B-8, BCUC IR 45.5; Exhibit B-13, BCUC IR 22.5.

[195] Exhibit B-13, BCUC IR 23.9.

[196] The CEC Final Argument, p. 36.

Creative Energy's proposal to recover the costs incurred and expensed in 2022 using the TPRCDA is effectively an adjustment to 2022 rates that have already been approved on a permanent basis, albeit the rate impact of that adjustment, if the proposal is approved, would be deferred to and reflected in 2023 through the deferral account mechanism. The Panel finds that Creative Energy should have filed a separate application in 2022 explicitly requesting the deferral of these costs if they were not included in the 2022 Approved revenue requirements.

The Panel also highlights that we are only granting approval to record the 2023 variance for third party consulting costs related to LTRP activities in the TPRCDA. Creative Energy must file a request for either 2024 LTRP costs or the deferral of 2024 LTRP cost variances in a separate application, if appropriate.

3.2.5 Cost of Debt

As seen in Table 3 of Section 3.2, Creative Energy forecasts a cost of debt of 7.5 percent for 2023, which results in a forecast interest expense of $1,367,000 in the 2023 revenue requirement.[197] This compares to a 4.5 percent cost of debt and $826,000 interest expense in 2022 Approved.[198] Creative Energy states that the 2023 forecast is consistent with its Application for Approval of a Credit Agreement approved by BCUC Order G-4-23.[199]

To manage its cost of debt, Creative Energy states that it monitors its debt levels and actively seeks ways to optimize working capital and pay down its operating line of credit when possible, to minimize interest on short-term borrowings. Creative Energy also uses banker's acceptances if they carry lower rates than the Prime rate in the short term, using the flexibility offered by its credit facilities. Creative Energy states that it also monitors interest rate forecasts in order to manage its actual cost of debt.[200]

Positions of the Parties

BCOAPO and the CEC do not oppose the forecast cost of debt or interest expense for 2023 but do have various submissions for how to handle the amount entering rates and how Creative Energy can report on financing in the future. [201] RCIA did not comment on the cost of debt or interest expense.

In BCOAPO's view, the magnitude of the increase in interest expense in 2023 is unprecedented. BCOAPO states that this is "clearly not a 'normal' test year change that was caused by current customers in 2023," nor are these "simply business-as-usual circumstances."[202] BCOAPO submits that special regulatory treatment is required and proposes a phased-in approach for the increased interest expense over five years reducing the expense from $0.541 million to $0.108 million in 2023.[203]

In reply, Creative Energy acknowledges that the increase in the cost of debt will impact customer rates in 2023, but states that there is no reason advanced in this proceeding to support the extended recovery period proposed by the BCOAPO. Creative Energy submits that the forecast interest expense is representative of the

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197 Exhibit B-12, Table 1, p. 11.
198 Exhibit B-12, Table 1, p. 11.
199 Exhibit B-3, Table 1, pp. 2–3.
200 Exhibit B-8, BCUC IR 29.3.1.
201 BCOAPO Final Argument, p. 19; The CEC Final Argument, pp. 3, 44.
202 BCOAPO Final Argument, p. 19.
203 BCOAPO Final Argument, p. 19.

current costs incurred on outstanding debt and extending the recovery of these costs to future customers lacks a valid basis.[204]

The CEC finds Creative Energy's explanation with respect to interest expense to be tied to short-term borrowing, without access to long-term rates. Consequently, the CEC recommends that the BCUC direct Creative Energy to provide details on its ability to secure longer-term debt financing in its 2024 RRA.[205]

In reply, Creative Energy submits that the CEC's recommendation should be dismissed on the basis that the BCUC previously approved Creative Energy's most recent Credit Agreement and its associated terms by Order G-4-23. Creative Energy adds that the issue of longer-term debt financing is not within the scope of the current proceeding nor the 2024 RRA.[206]

Panel Determination

The Panel finds the forecast interest expense of $1,367,000 for the 2023 Test Year, calculated based on the proposed interest rate of 7.5 percent, to be reasonable. The Panel acknowledges that this is a 3-percentage-point increase in the cost of debt from 2022 Approved, however, the current financial market reflects an increasing interest rate trend which directly impacts the borrowing costs for Creative Energy.

The Panel is not persuaded by BCOAPO's justification for its proposed phased-in approach of interest expenses to smooth rates. The Panel notes that BCOAPO's recommendation would only result in rate smoothing if interest rates decrease over the BCOAPO's proposed 5-year phase-in. There is no evidence on the record in support of this. The Panel finds Creative Energy's forecast interest expense for 2023 to be reasonable in light of the current economic environment and considers that the recovery of 2023 costs is best achieved through 2023 rates.

The Panel agrees with Creative Energy in its response to the CEC's recommendation regarding longer-term debt financing. In the Panel's view, Creative Energy has provided an explanation of how it manages its cost of debt in this proceeding, and the terms of its financing were approved by the BCUC in another proceeding. Therefore, the Panel views the directive put forth by the CEC as unnecessary.

4.0 Overall Determination on Thermal Energy Service Rates

Subject to the directives and determinations in Sections 3.1.1 and 3.2.1.3 of this Decision, the Panel finds the 2023 forecast revenue requirements as set out in Table 3 reasonable for setting permanent thermal energy rates for 2023. **Pursuant to sections 58 to 61 of the UCA, the Panel approves an average thermal energy rate of $11.29 per M# for the Core TES, equivalent to a 15.3 percent increase above 2022 Approved average thermal energy rates, on a permanent basis, effective January 1, 2023, subject to final adjustments.**

Creative Energy is directed to refund to or recover from ratepayers the difference between the interim thermal energy rates collected and the permanent rates, with interest at Creative Energy's weighted average cost of debt, in the next billing cycle following the BCUC's acceptance of the final compliance filing. Creative Energy is also directed to file with the BCUC, within 45 days of this Decision, a final compliance filing that

[204] Creative Energy Reply Argument, p. 6.

[205] The CEC Final Argument, pp. 3, 44.

[206] Creative Energy Reply Argument, p. 12.

includes revised financial schedules and amended tariff pages, reflecting the approved thermal energy rates in accordance with the terms of this order and decision.

Notwithstanding the aforementioned approvals and directives, the Panel expresses concern about the timing of Creative Energy's RRA filing at the beginning of December 2022, and the resulting inefficiency. The Panel notes that due to the late filing of the 2023 RRA, it will be challenging for Creative Energy to efficiently implement certain directives from this final decision in the 2024 RRA. To prevent such challenges in the future, the Panel recommends that Creative Energy re-evaluate the timing of its RRA filings in order to better address the issue of regulatory efficiency.

5.0 Other Approvals Sought

Creative Energy seeks approvals related to its Remote Metering Project and the system contribution charge for customers connected to the NEFC system. These requests are set out in the following sections.

5.1 Remote Metering Project

Creative Energy commenced the Remote Metering Project (Project) in 2017 to provide remote monitoring capabilities for its Core TES which serves over 200 connected customers.[207] The Project includes the installation of cabinets at customer sites to relay data from the existing condensate meters to Creative Energy's database (Inmation). The data allows for remote data collection through wireless communications over cellular networks. Once the data enters the Inmation database, it can be analyzed through dashboards to review steam consumption data and proactively identify service issues.[208]

Creative Energy explains the Project was placed on hold in 2020 due to the onset of restrictions of the COVID-19 pandemic and lack of available internal resources at that time. In 2022, Creative Energy hired, with BCUC approval, a systems engineer to assess the viability of the Project, improve upon the original design, and expand the implementation of the Project to more customers.[209]

Creative Energy states it has re-commenced the Project and confirms that no costs have been added to the rate base for this Project to date. It expects that all Project costs from 2017 will be added to rate base in 2024.[210]

Creative Energy provides an updated total cost estimate of $2.23 million for the Project.[211] The original Project cost estimate as presented in the 2019-2020 RRA was $754,531. [212] Despite this increase in Project costs, Creative Energy confirms there have been no changes to the Project scope since the original estimate was developed and adds that it is unable to compare the updated costs for the Project to the original estimate due to staffing turnover from the time the original estimate was developed.[213] Creative Energy provides the breakdown, by year, of costs and number of remote metering installations for the Project in the table below:

[207] Exhibit B-8, Attachment "BCUC Attachment IR 33 – Remote Metering Project Summary."
[208] Exhibit B-8, Attachment "BCUC Attachment IR 33 – Remote Metering Project Summary", p. 1
[209] Exhibit B-8, BCUC IR 33.1; Exhibit B-13, BCUC IR 17.7.2.
[210] Exhibit B-9, BCOAPO IR 14.2.
[211] Exhibit B-8, Attachment "BCUC Attachment IR 33 – Remote Metering Project Summary", p. 2.
[212] Creative Energy 2019-2020 RRA proceeding, Exhibit B-9, BCUC IR 52.3.
[213] Exhibit B-8, BCUC IR 33.2.1.

Table 8: Remote Metering Project [214]

	Capital Expenditures ($)	Number of Installed Remote Meters	Number of in-service Remote Meters	Number of Remote Meters added to Rate Base	Number of Customers	Percent of Steam Load Metered (%)
2017-2020 (Actual)	$ 321,201	18	0	0	0	0
2022 (Actual)	$ 58,754	0	0	0	0	0
2023 (Forecast)	$ 349,269	39	57	0	57	50
2024 (Forecast)	$ 500,000	50	50	107	50	35
2025 (Forecast)	$ 500,000	50	50	50	50	11
2026 (Forecast)	$ 500,000	49	49	49	49	4
2027 (Forecast)	0	0	0	0	0	0
Total	$ 2,229,224	206	206	206	206	100

Consistent with the information presented in the table above, Creative Energy intends to have remote metering in place for 50 percent of its annual steam load by the end of 2023. Creative Energy further proposes to implement a three-year timeline between 2024 and 2026 to install approximately 50 cabinets per year at an annual cost of approximately $500,000. Based on the updated total Project cost of $2.23 million, the average cost to install remote meters is approximately $10,821 per customer.[215]

Creative Energy presents the following benefits of the Project:[216]

- detailed granular consumption data provided in customer bills, helping to resolve disputes quickly and equitably;
- improved customer understanding of consumption, allowing customers to make informed decisions on how to operate their building systems to reduce thermal energy use;
- support for the development of a future demand side management plan, based on BCUC direction in the decision and order for the 2021 Long Term Resource Plan;
- detection of instrument failures in real time, allowing the Creative Energy distribution team a valuable maintenance tool to improve service; and

[214] Exhibit B-13, BCUC IR 17.2.1.
[215] Based on BCUC staff calculation for cost of project per customer (equivalent to $2,229,224/206 = $10,821).
[216] Exhibit B-8, Attachment "BCUC Attachment IR 33 – Remote Metering Project Summary", p. 1.

- provision of the data for future automated billing and customer dashboards.

Creative Energy confirms that no BCUC approvals have been sought for the Project as it has never requested additions for the Project into the rate base in any prior application.[217] Through the IR process, Creative Energy requested guidance from the BCUC on whether the details provided as part of this proceeding are sufficient for the BCUC to provide its approval of the Project. Creative Energy further requests the BCUC to communicate any concerns regarding the recoverability of the Project costs as part of this proceeding.[218] Creative Energy considers this Project as essential to the long-term objectives of the utility and states it is prepared to file the necessary documentation to ensure the Project is approved. [219] As part of the IR process, Creative Energy was not able to provide any of the following information:[220]

1. Studies or summary statements identifying the need for the Project, including evidence to support the Project need;
2. Confirmation of the technical, economic, and financial feasibility of the Project, including an Association for the Advancement of Cost Engineering Class III cost estimate;
3. Feasible alternatives considered; and
4. Calculation of the revenue requirements of the Project and feasible alternatives, and the resulting impacts on customer rates.

In the Decision accompanying Order G-227-20 on the 2019-2020 RRA, regarding the Remote Metering Project, the BCUC stated:[221]

> Since the costs associated with the Remote Metering Project are not capital additions in the current test period and Creative Energy is not requesting section 44.2 UCA expenditure schedule acceptance of the project, the Panel makes no determination on the need for or the costs associated with this project. The BCUC will consider need, prudency and project execution issues if Creative Energy files an expenditure schedule for acceptance or applies to have the project costs included in rates.

Positions of the Parties

While the CEC explains it is generally supportive of automated meter reading technologies due to the benefits accrued from reduced labour costs and potential for demand side management savings and rate design options, it notes that Creative Energy's Core System has a relatively small customer base and may not offer the same benefits from automation. The CEC also expresses concern with a lack of consideration given to other alternatives. The CEC recommends that the BCUC defer approval of the Project and request Creative Energy to file an application, pursuant to the BCUC's CPCN Guidelines.[222]

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[217] Exhibit B-13, BCUC IR 17.4.
[218] Exhibit B-8, BCUC IR 33.10.
[219] Exhibit B-13, BCUC IR 17.4.
[220] Exhibit B-13, BCUC IR 17.3.
[221] Creative Energy 2019-2020 RRA Decision and Order G-227-20, p. 16.
[222] The CEC Final Argument, p. 40.

BCOAPO recommends that the BCUC deny approval of the Project at this time. In BCOAPO's opinion, the information filed as part of this proceeding does not support a robust business case to support the forecast expenditures for the Project. Further, BCOAPO suggests Creative Energy to file its business case and seek approval through a CPCN process. BCOAPO recommends that the BCUC inform Creative Energy on expectations regarding communication of costs, benefits, and potential rate impacts to stakeholders and customers. BCOAPO also recommends that the BCUC direct all costs incurred to assess the viability of the Project be captured in a deferral account.[223]

In reply, Creative Energy states that it intends to proceed with the Project, subject to further direction from the BCUC and will include capital expenditures for the first tranche of installed cabinets in its application for the 2024 RRA, which is expected to be filed in December 2023.[224]

RCIA did not provide submissions on this matter.

Panel Discussion

The Panel is concerned with the projected cost and lack of identified cost savings associated with the Remote Metering Project, particularly when considered on a per customer basis. The Panel considers that Creative Energy has not provided sufficient evidence in this proceeding that would allow the Panel to assess whether the Project is in the public interest, and whether the associated capital expenditures have been prudently incurred and appropriately recovered from ratepayers. To allow adequate BCUC review of the Project as part of a future regulatory proceeding, the Panel recommends that Creative Energy file with the BCUC, at a minimum, the information requested by the BCUC in Exhibit A-8, BCUC IR 17.3, as part of its next RRA or in a separate application for the Project. For example, Creative Energy may wish to consider filing separately, for BCUC acceptance, a CPCN application or a capital expenditure schedule pursuant to section 44.2 of the UCA.

The Panel denies the creation of a deferral account to capture incurred expenditures associated with the Project, as recommended by BCOAPO. At this time, the Panel makes no determinations with respect to need for or the costs of the Project.

5.2 System Contribution Charge

On December 20, 2022, Creative Energy was directed to maintain the system contribution charge for customers connected to the NEFC system as approved by Order G-345-22A, on an interim and refundable basis, effective January 1, 2023.[225] This charge, which recovers the net costs to extend the Core Steam system to the NEFC system and the net balance of the NEFC RDDA[226] balance as at December 31, 2021, is separate from the thermal energy service rates, and is recovered only from NEFC customers. The system contribution charge commenced in January 1, 2022 and will be collected from NEFC customers over the remaining life of the NEFC assets (i.e. 22 years).[227] While the system contribution charge was originally approved as part of the 2022 RRA, Creative Energy has not proposed any changes to this charge in 2023, on the basis that there has been no change to its long-

223 BCOAPO Final Argument, pp. 21–22.
224 Creative Energy Reply Argument, p. 3.
225 Exhibit A-2, Order G-379-22.
226 Revenue deficiency deferral account.
227 Decision accompanying Order G-345-22A, Section 3.1, Table 5, pp. 12–13 and 18.

term load forecast for the purposes of calculating the system contribution charge.[228] Accordingly, **Creative Energy's system contribution charge of $10.60 per MWh of thermal energy that was approved on an interim basis by Order G-379-22, is approved on a permanent basis, effective January 1, 2023.**

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of December 2023.

Original signed by:

T. A. Loski
Panel Chair / Commissioner

Original signed by:

A. C. Dennier
Commissioner

Original signed by:

E. B. Lockhart
Commissioner

[228] Exhibit B-8, BCUC IR 5.1; Exhibit B-10, BCOAPO IR 12.1.

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ORDER NUMBER
G-358-23

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

and

Creative Energy Vancouver Platforms Inc.
2023 Revenue Requirements Application for the Core Thermal Energy System

BEFORE:
T. A. Loski, Panel Chair
A. C. Dennier, Commissioner
E. B. Lockhart, Commissioner

on December 21, 2023

ORDER

WHEREAS:

A. On December 1, 2022, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) its 2023 Revenue Requirements Application (RRA) for the thermal energy system serving downtown Vancouver (Core Steam) and Northeast False Creek (NEFC) (together, Core TES) and requested, among other things, the following:

   (i) approval of interim and permanent thermal energy service rates for the Core TES which are equivalent to an average rate of $11.20 per thousand pounds of steam and the system contribution charge for customers connected to the NEFC system, each as set out in Appendix B to the Application, effective January 1, 2023; and

   (ii) approval of a proposed Inter-Affiliate Conduct and Transfer Pricing Policy (IAC/TPP) filed as Appendix C to the Application (collectively, Application);

B. On December 20, 2022, by Order G-379-22, the BCUC approved, on an interim and refundable or recoverable basis, effective January 1, 2023, the thermal energy rates as set forth in Appendix B to the Application and the same system contribution charge for customers connected to the NEFC system as approved by Order G-345-22A dated November 29, 2022 in the matter of the Creative Energy Application for Rates for the Core Steam and NEFC Systems.

C. By Orders G-379-22, G-27-23, G-110-23, G-186-23, G-221-23 and G-286-23, the BCUC established regulatory timetable for the review of the Application, which included, among other items, notice of Application, intervener registration, BCUC and intervener information requests (IR) No. 1 and 2, Creative Energy's responses to IRs, and written final and reply arguments;

D. Order G-110-23 included an accompanying decision relating to the proposed IAC/TPP filed as part of Appendix C to the Application, which, among other things, determined that Creative Energy has contravened certain directives from Order G-349-21 of the Creative Energy 2021 RRA for the Core Steam System (2021 IAC/TPP Decision) and directed Creative Energy to file a revised IAC/TPP addressing the determinations, directives, key findings and BCUC guidance in that decision and an evidentiary update to the 2023 Core TES revenue requirements;

E. On June 8, 2023, pursuant to Order G-110-23, Creative Energy filed a revised proposed IAC/TPP (Revised Proposed IAC/TPP) addressing the determinations, directives, key findings and BCUC guidance in the decision accompanying Order G-110-23 and a second evidentiary update as directed, with no change to the requested thermal energy service rates;

F. By letters dated January 27, 2023 and August 10, 2023, Creative Energy filed, among other items, evidentiary updates, amending its request for permanent approval of thermal energy service rates, effective January 1, 2023; and

G. The BCUC has considered the Application, evidence and submissions of the parties and makes the following determinations.

NOW THEREFORE pursuant to sections 58 to 61 of the *Utilities Commission Act* and for the reasons provided in the decision issued concurrently with this order, the BCUC orders as follows:

1. Creative Energy's Revised Proposed IAC/TPP is approved as filed.

2. Creative Energy is approved to charge customers connected to the Core TES the average thermal energy rate of $11.29 per thousand pounds of steam, on a permanent basis, effective January 1, 2023, subject to the directives and determinations outlined in this order and the decision issued concurrently.

3. Creative Energy is directed to maintain the system contribution charge of $10.60 per MWh of thermal energy for customers connected to the NEFC system as approved by Order G-379-22, on a permanent basis, effective January 1, 2023.

4. Creative Energy is directed to:

    (i) cease recording additions to the COVID-19 deferral account for the Core Steam system (Core COVID-19 Deferral Account), effective December 31, 2022;

    (ii) apply the December 31, 2022 credit balance of the Core COVID-19 Deferral Account to the 2023 forecast revenue requirements to reduce the 2023 revenue deficiency; and

    (iii) close and cease reporting on the Core COVID-19 Deferral Account, effective December 31, 2023.

5. Creative Energy is approved to establish a new Load Forecast Variance Account, on an ongoing basis, to record the variance between forecast and actual load, effective January 1, 2023 and accruing interest at Creative Energy's weighted average cost of debt. Creative Energy is directed to include in each future RRA the proposed amortization period, with supporting rationale, for the previous year's load variance.

6. Creative Energy is denied the recovery from ratepayers of $65,000 in bad debt expense related to the Avalon Hotel included in the 2023 forecast revenue requirements.

7. Creative Energy is approved to establish a new 2023 Refinancing Cost Deferral Account (2023 RCDA), to record the Core TES' portion of refinancing costs of $420,992, with a three-year amortization period and accruing interest at Creative Energy's weighed average cost of debt.

8. Creative Energy is directed to re-calculate its revenue requirements and rates for the Core Steam and NEFC systems, effective January 1, 2023, subject to the adjustments resulting from the directives and determinations contained in this order and the decision issued concurrently, and to file revised financial schedules and revised tariff pages with the BCUC for endorsement within 45 days of the date of this order.

9. Creative Energy is directed to refund to or recover from ratepayers the difference between the interim and permanent rates with interest at Creative Energy's weighted average cost of debt in the next billing cycle following the BCUC's acceptance of the final compliance filing filed in accordance with directive 8 of this order.

10. Creative Energy is directed to comply with all other directives and determinations outlined in the decision issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of December 2023.

BY ORDER

Original signed by:

T. A. Loski
Commissioner

List of Acronyms

Acronym	Description
AES Inquiry Report	BCUC report for the Alternative Energy Solutions Inquiry
BC	British Columbia
BCOAPO	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre
BCUC	British Columbia Utilities Commission
the CEC	The Commercial Energy Consumers Association of British Columbia
CE Holdings	Creative Energy Holdings Limited Partnership
CE Ventures	Creative Energy Ventures Limited Partnership
CEDLP	Creative Energy Developments Limited Partnership
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Core Steam System	Core thermal energy system serving downtown Vancouver
Core TES	Core Steam thermal energy system serving downtown Vancouver and Northeast False Creek
CPCN	Certificate of Public Convenience and Necessity
CPI	Consumer Price Index
Creative Energy	Creative Energy Vancouver Platforms Inc.
IAC/TPP	Inter-Affiliate Conduct and Transfer Pricing Policy
IR	Information request
LFVA	Load Forecast Variance Account
LTRP	Long-Term Resource Plan
M#	thousand pounds of steam (unit)
NEFC	Northeast False Creek
O&M	Operations and Maintenance
RCDA	Refinancing Cost Deferral Account
RCIA	Residential Consumer Intervener Association
RMDM Guidelines	BCUC Retail Markets Downstream of the Utility Meter Guidelines
RRA	revenue requirements application

TES	Thermal Energy System
TES Guidelines	BCUC's Thermal Energy Systems Regulatory Framework Guidelines
TPRCDA	Third Party Regulatory Costs Deferral Account
UCA	*Utilities Commission Act*
WCDA	Weighted Average Cost of Debt

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

and

Creative Energy Vancouver Platforms
2023 Revenue Requirements for the Core Thermal Energy System

EXHIBIT LIST

Exhibit No.	**Description**
COMMISSION DOCUMENTS	
A-1	Letter dated December 20, 2022 – Appointing the Panel for the review of Creative Energy Vancouver Platforms Inc. 2023 Revenue Requirements Application for the Core Thermal Energy System
A-2	Letter dated December 20, 2022 – BCUC Order G-379-22 establishing a regulatory timetable
A-3	Letter dated February 9, 2023 – BCUC Order G-27-23 with an amended regulatory timetable and request for submissions
A-4	Letter dated May 9, 2023 – BCUC Decision on Proposed IAC/TPP and Order G-110-23 with further regulatory timetable
A-5	Letter dated July 5, 2023 - BCUC Information Request No. 1 to Creative Energy
A-6	Letter dated July 13, 2023 – BCUC Order G-186-23 amending the regulatory timetable
A-7	Letter dated August 18, 2023 – BCUC Order G-221-23 establishing a further regulatory timetable
A-8	Letter dated September 13, 2023 – BCUC Information Request No. 2 to Creative Energy
A-9	Letter dated September 28, 2023 – BCUC letter to Creative Energy regarding service discontinuation

A-10 Letter dated October 20, 2023 – BCUC Order G-286-23 establishing a further regulatory timetable

COMMISSION STAFF DOCUMENTS

A2-1 Letter dated May 9, 2023 – BCUC Staff submitting Fortis Energy Inc.'s Code of Conduct and Transfer Pricing Policy dated October 1, 2022

A2-2 Letter dated May 9, 2023 – BCUC Staff submitting Pacific Northern Gas's Inter-Affiliate Code of Conduct dated November 2019

A2-3 Letter dated July 5, 2023– BCUC Staff submitting Creative Energy's COVID-19 Deferral Accounts Core System Quarterly Report dated February 23, 2023

APPLICANT DOCUMENTS

B-1 **CREATIVE ENERGY VANCOUVER PLATFORMS (CREATIVE ENERGY)** - 2023 Revenue Requirements for the Core Thermal Energy System dated December 1, 2022

B-2 Letter dated January 10, 2023 – Creative Energy submitting confirmation of Public Notice

B-3 Letter dated January 27, 2023 – Creative Energy submitting Evidentiary Update to the Application

B-4 Letter dated February 27, 2023 – Creative Energy submitting response to BCUC request for submissions

B-5 Letter dated March 13, 2023 – Creative Energy submitting reply submission in compliance with Order G-27-23

B-6 Letter dated June 8, 2023 – Creative Energy submitting updated IAC/TPP and Second Evidentiary Update

B-7 Letter dated July 12, 2023 – Creative Energy submitting extension request to file Information Request No. 1 responses

B-8 Letter dated August 9, 2023 – Creative Energy submitting response to BCUC Information Request No. 1

B-8-1	**CONFIDENTIAL -** Letter dated August 9, 2023 – Creative Energy submitting confidential response to BCUC Information Request No. 1
B-8-2	**CONFIDENTIAL -** Letter dated August 9, 2023 – Creative Energy submitting confidential Spreadsheet regarding 14.5 to BCUC Information Request No. 1
B-8-3	**CONFIDENTIAL -** Letter dated August 9, 2023 – Creative Energy submitting confidential Spreadsheet regarding 15.4 to BCUC Information Request No. 1
B-8-4	**CONFIDENTIAL -** Letter dated August 9, 2023 – Creative Energy submitting confidential Spreadsheet regarding 16.7 to BCUC Information Request No. 1
B-9	Letter dated August 9, 2023 – Creative Energy submitting response to BCOAPO Information Request No. 1
B-10	Letter dated August 9, 2023 – Creative Energy submitting response to CEC Information Request No. 1
B-11	Letter dated August 9, 2023 – Creative Energy submitting response to RCIA Information Request No. 1
B-12	Letter dated August 10, 2023 – Creative Energy submitting Third Evidentiary Update
B-13	Letter dated October 5, 2023 – Creative Energy submitting response to BCUC Information Request No. 2
B-14	Letter dated October 5, 2023 – Creative Energy submitting response to BCOAPO Information Request No. 2
B-15	Letter dated October 5, 2023 – Creative Energy submitting response to CEC Information Request No. 2
B-16	Letter dated October 5, 2023 – Creative Energy submitting response to RCIA Information Request No. 2
B-17	Letter dated October 5, 2023 – Creative Energy submission on further process
B-18	Letter dated October 19, 2023 – Creative Energy reply submission on further process

INTERVENER DOCUMENTS

C1-1	**BRITISH COLUMBIA OLD AGE PENSIONERS' ORGANIZATION, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO**) – Letter dated January 6, 2023 submitting request to intervene by Leigha Worth, Irina Mis, Rene Kimmett, Kelly Derksen, Darren Rainkie
C1-2	Letter dated March 6, 2023 – BCOAPO submission in response to Exhibit A-3
C1-3	Letter dated July 11, 2023 - BCOAPO Information Request No. 1 to Creative Energy
C1-4	Letter dated September 20, 2023 - BCOAPO Information Request No. 2 to Creative Energy
C1-5	Letter dated October 16, 2023 – BCOAPO submission on further process
C2-1	**RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) –** Letter dated January 27, 2023 submitting request to intervene by Matthew Matusiak
C2-2	Letter dated March 6, 2023 – RCIA submission in response to Exhibit A-3
C2-3	Letter dated July 10, 2023 - RCIA Information Request No. 1 to Creative Energy
C2-4	Letter dated September 20, 2023 - RCIA Information Request No. 2 to Creative Energy
C2-5	Letter dated October 13, 2023 – RCIA submission on further process
C3-1	**COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA (CEC)** - Letter dated January 27, 2023 submitting request to intervene by David Craig
C3-2	Letter dated March 6, 2023 – CEC submission in response to Exhibit A-3
C3-3	Letter dated July 11, 2023 - CEC Information Request No. 1 to Creative Energy
C3-4	Letter dated September 20, 2023 - CEC Information Request No. 2 to Creative Energy
C3-5	Letter dated October 16, 2023 – CEC submission on further process