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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-82-15**

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

and

Creative Energy Vancouver Platforms Inc.
Compliance Filing to Order G-47-14 and
Final Determination of the 2016 and 2017 Permanent Rates
in the 2015-2017 Revenue Requirements Application

BEFORE: D. A. Cote, Commissioner/Panel Chair
L. A. O'Hara, Commissioner May 20, 2015

O R D E R

WHEREAS:

- A. By Order G-47-14 dated March 25, 2014, the British Columbia Utilities Commission (Commission) awarded, among other things, a minimum default structure of 42.5 percent common equity and a default equity risk premium of 75 basis points (bps) for all regulated Thermal Energy Services (TES) projects;
- B. A directive in the Generic Cost of Capital proceeding Stage 2 (GCOC – Stage 2) decision issued concurrently with Order G-47-14 established that the award for Central Heat Distribution Limited [now Creative Energy Vancouver Platforms Inc. (Creative Energy)] was considered transitional only and Creative Energy was directed to file within the next 12 months either a 2016 or multi-year revenue requirement application reflecting the new business plan with a comprehensive justification for the equity thickness and equity risk premium (Compliance Filing);
- C. On November 28, 2014, Creative Energy filed its 2015-2017 Revenue Requirements Application (RRA);
- D. On December 15, 2014 by Order G-198-14 issued in the 2015-2017 RRA proceeding, the Commission established that the final determination on the RRA would set 2015 permanent rates whereas permanent rates for 2016 and 2017 would be set subject to a final determination of Creative Energy's return on equity and deemed equity thickness;

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- E. By letter dated March 26, 2015, the Commission accepted Creative Energy's request for extension of the Compliance Filing from March 24, 2015 to May 1, 2015;
- F. On May 1, 2015, Creative Energy filed a report in compliance with the directive in the GCOC Stage 2 decision. In the report, Creative Energy submits that the focus of its report should be the business risks of the existing system of core customers, and that the existing core faces a similar or greater level of risk as the other thermal energy benchmarks; and
- G. The Commission Panel has reviewed the Compliance Filing and determines that Creative Energy's return on equity and deemed equity thickness should be the minimum default common equity structure and minimum default equity risk premium.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission accepts the report that focuses on the Creative Energy existing system of core customers to be in compliance with the directive in the Generic Cost of Capital proceeding Stage 2 decision.
- 2. The return on equity and deemed equity thickness for Creative Energy's rate setting will continue to be based on the default equity thickness of 42.5 percent and equity risk premium of 75 bps for regulated Thermal Energy Systems.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of May 2015.

BY ORDER

Original signed by:

D. A. Cote
Commissioner/Panel Chair