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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-173-15**

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

and

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

BEFORE: R. D. Revel, Commissioner

October 23, 2015

O R D E R

WHEREAS:

- A. On November 26, 2010, Corix Multi-Utility Services Inc. (Corix) filed an Application for a Certificate of Public Convenience and Necessity (CPCN) under sections 45 and 46 of the *Utilities Commission Act* (UCA) to construct and operate an alternative energy-based district energy system for the UniverCity residential community on Burnaby Mountain. Corix also sought approval under sections 56, 60, and 61 of the UCA for a deemed capital structure, Return on Equity (ROE), long term debt financing costs, a levelized rate structure and a revenue deficiency deferral account;
- B. On May 6, 2011, by Order C-7-11, the British Columbia Utilities Commission (Commission) granted a CPCN to Corix to construct and operate the initial phase of the Neighbourhood Utility Service (NUS) district energy utility at UniverCity using temporary natural gas central energy plants;
- C. On March 2, 2015, the Commission issued Order G-27-15 approving the Thermal Energy Systems Regulatory Framework Guidelines (TES Guidelines);
- D. On October 7, 2015, Corix filed an application for a CPCN for Additional Capital and Amended Rates for UniverCity NUS on Burnaby Mountain (Application) requesting approval for expenditures to replace and expand the capacity of the existing temporary natural gas facilities (Project) with a larger capacity boiler. According to Corix, when combined with expenditures on the NUS to date, the replacement will trigger the requirement to file a CPCN under the TES Guidelines. As part of this Application, Corix is also requesting approval of amended levelized rates;

- E. Corix is requesting approval under sections 45(i), 56, 60 and 61 of the UCA for the revenue requirements, rate design and rates as described in the Application, including:
- I. The rate base as provided in Section 2.5.6 of the Application.
 - II. The updated revenue requirement as provided in Section 2.5.8 and consistent with the recent British Columbia Utilities Commission Generic Cost of Capital Proceeding (Stage 2) Decision applicable to small thermal energy utilities:
 - A deemed capital structure of 57.5 percent debt and 42.5 percent equity;
 - Long term debt financing costs estimated at 3.75 percent;
 - An ROE of 9.5 percent, which is based on the current low risk benchmark equity return plus 75 basis points to account for additional risk related to the development of the small scale energy utility; and
 - An updated 11 year levelized rate plan (with an overall 15 year plan compared to the originally approved 20 year plan).
 - III. Approval of the accounting treatment of the following:
 - The remaining 11 years of the revenue deficiency deferral account which is used to record those portions of revenue requirements which are not recovered in the early stages of development; and
 - The new rate design as provided in Section 2.5.11 of the Application.
- F. The Project relates only to the temporary natural gas energy system that is a precursor to a permanent low carbon energy system that will ultimately provide the energy needs of the UniverCity community. The low carbon energy system will be the subject of a future CPCN application to the Commission;
- G. Corix estimates the total cumulative capital costs of the Project for 2015-2020 to be approximately \$2,946,620 in nominal dollars;
- H. Corix is requesting the review of the Application using the Commission's Streamlined Review Process; and
- I. Corix is requesting that the financial model filed as Appendix 2 be kept confidential.

NOW THEREFORE the Commission orders as follows:

1. The Commission has determined that a Streamlined Review Process is suitable for the review of the Application and the hearing will progress in accordance with the preliminary Regulatory Timetable attached as Appendix A to this Order subject to no procedural concerns being raised by parties.

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2. The Commission will hold the financial model confidential. Interveners may request access to this information in accordance with the Commission's Confidential Filing Practice Directive.
3. Corix Multi-Utility Services Inc. (Corix) must notify all parties who may be affected by the Project with a copy of this Order within seven days of the date of this Order.
4. Interveners and interested parties who wish to participate in the Corix Application for a Certificate of Public Convenience and Necessity for Additional Capital and Amended Rates for UniverCity Neighbourhood Utility Service on Burnaby Mountain proceeding should register with the Commission in writing or electronic submission, by Friday, November 6, 2015. Interveners are requested to provide comment on the proposed Streamlined Review Process, as outlined in the Streamlined Review Process Guidelines, at the time of intervenor registration. Interveners should also specifically state the nature of their interest in the Application, identify generally the nature of the issues that they intend to pursue and indicate whether they intend to participate in the proposed Streamlined Review Process scheduled for Wednesday, December 16, 2015.
5. The Application and supporting materials must be made available to the public for inspection at Corix Multi-Utility Services Inc., Suite 1160, 1188 West Georgia Street, Vancouver, BC, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC. The Application and supporting materials will also be available on the Corix website at www.corix.com and on the Commission's website at www.bcuc.com.
6. Interveners intending to apply for Participant Assistance must submit a budget estimate by Friday, November 6, 2015, consistent with the Commission's Participant Assistance/Cost Award Guidelines and Order G-72-07. Copies of the Guidelines are available upon request or can be downloaded from the Commission's website at: http://www.bcuc.com/Documents/Guidelines/2010/DOC_5014_G-72-07_PACA_2007_Guidelines.pdf.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of October 2015.

BY ORDER

Original Signed By:

R. D. Revel
Commissioner

Attachment

Corix Multi-Utility Services Inc.
Application for a Certificate of Public Convenience and Necessity for Additional Capital and
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REGULATORY TIMETABLE

ACTION	DATE (2015)
Intervener and Interested Party Registration Deadline	Friday, November 6
Participant Assistance/Cost Award Budget Deadline	Friday, November 6
Commission Information Request No. 1 to Corix	Friday, November 13
Intervener Information Request No. 1 to Corix	Friday, November 20
Corix Response to Commission and Intervener Information Request No. 1	Friday, December 4
Streamlined Review Process	Wednesday, December 16