



ORDER NUMBER
G-190-17

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

and

Shannon Wall Centre Rental Apartments Limited Partnership
Rate Application for the Shannon Estates Thermal Energy System

BEFORE:

R. D. Revel, Panel Chair/Commissioner
D. M. Morton, Commissioner

on December 19, 2017

ORDER

WHEREAS:

- A. On May 24, 2016, Shannon Wall Centre Rental Apartments Limited Partnership (SWCRA) filed an application with the British Columbia Utilities Commission (Commission) under sections 59-61, 89 and 90 of the *Utilities Commission Act* (UCA) for approval of the terms and conditions and rates for the Shannon Estates Thermal Energy System (SETES) located at 7199 Granville Street, Vancouver, BC. The SETES provides space heating, space cooling and domestic hot water service to the Shannon Mews & Apartments development (Application);
- B. On April 1, 2016, by Order C-4-16, prior to the filing of the Application, the Commission granted SWCRA a Certificate of Public Convenience and Necessity (CPCN) to own and operate the SETES at a total estimated capital cost of \$7.5 million;
- C. The SETES is being constructed in two phases – Phase I is completed and Phase II is expected to be completed sometime in 2018 or early 2019;
- D. By Order G-77-16A dated June 1, 2016, the Commission approved interim and refundable rates for the SETES, effective June 1, 2016, and established a regulatory timetable which included intervener registration, one round of Commission and intervener information requests (IR), and written final and reply arguments;
- E. FortisBC Alternative Energy Services Inc. (FAES) and Mr. Robert Peden registered as interveners;
- F. On July 20, 2016, by Order G-118-16, due to new evidence being filed in SWCRA's reply submission, the Commission reopened the evidentiary phase of the proceeding and established a regulatory timetable which included a second round of IRs followed by written final and reply arguments;
- G. On October 11, 2016, subsequent to SWCRA filing its reply argument, the Commission received a letter from Mr. Dean Thomas Fox, a Phase II owner, representing himself and other owners, collectively referred to as

the Shannon Ratepayers Group (SRG). In his letter, Mr. Fox claimed that adequate notice of the Application was not provided to all the affected parties and requested, among other things, that the Commission: (i) direct SWCRA to provide a copy of Order G-77-16A to all owners; (ii) allow for new intervener registration; and (iii) allow for further process to review the Application and evidence on the record;

- H. After receiving submissions on SRG's request, the Commission issued Order G-161-16A on November 14, 2016, reopening the evidentiary record and establishing a regulatory timetable which included intervener registration and submissions on further process;
- I. SRG, Mr. Michael Lui, Mr. Gerald Duffy, and Mr. Martin Parker registered as interveners;
- J. By Order G-193-16 dated December 19, 2016, the Commission established a regulatory timetable that allowed SWCRA to file an updated application no later than February 6, 2017 and provided dates for a third round of IRs with further process to be determined;
- K. On February 6, 2017, SWCRA filed an updated application (Updated Application);
- L. By Order G-52-17 dated April 6, 2017, the Commission established the remainder of the regulatory timetable which included the filing of intervener evidence, IRs on intervener evidence, a deadline for SWCRA to file notice of its intent to submit rebuttal evidence, and alternate deadlines for filing written final and reply arguments depending on whether or not SWCRA were to file rebuttal evidence;
- M. In addition, the Panel issued a series of IRs to SWCRA on April 24, 2017. SWCRA responded to the Panel IRs on May 8, 2017;
- N. On April 25, 2017 and April 26, 2017, Mr. Duffy and SRG, respectively, submitted evidence;
- O. On June 1, 2017, SWCRA filed a letter with the Commission stating that it does not intend to file rebuttal evidence;
- P. SWCRA filed its final argument on June 12, 2017. SRG and Mr. Peden filed their final arguments on June 26, 2017 and Mr. Duffy filed his final argument on June 27, 2017;
- Q. On July 11, 2017, SWCRA filed supplementary responses to unanswered Commission IRs (IR No. 3);
- R. SWCRA filed its reply argument on July 12, 2017; and
- S. The Commission has reviewed the evidence in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59-61 of the *Utilities Commission Act*, the Commission orders as follows:

1. SWCRA's application to peg the SETES Monthly Capacity Levy to the Southeast False Creek (SEFC) Neighbourhood Energy Utility (NEU) Class 1 (Residential or Mixed Use Residential within SEFC) Fixed Capacity Levy with rate increases pegged to the percentage change in the SEFC Fixed Capacity Levy for Class 1 is approved.
2. SWCRA's application to peg the Consumption Dependent Space Heating rate and the Consumption Dependent Domestic Water Heating rate equal to the arithmetic mean of Step 1 and Step 2 of British Columbia Hydro and Power Authority's (BC Hydro) rate schedule 1101 is denied. SWCRA is directed to peg

the SETES Consumption Dependent Space Heating rate and the Consumption Dependent Domestic Water Heating rate to SEFC's Class 1 (Residential or Mixed Use Residential within SEFC) Variable Energy Use Charge, with rate increases pegged to the percentage change in the SEFC Variable Energy Use Charge for Class 1.

3. SWCRA's application to peg the Consumption Dependent Space Cooling rate equal to the arithmetic mean divided by two of Step 1 and Step 2 of BC Hydro's rate schedule 1101 is denied. SWCRA is directed to peg the SETES Consumption Dependent Space Cooling rate to SEFC's Class 1 (Residential or Mixed Use Residential within SEFC) Variable Energy Use Charge, with rate increases pegged to the percentage change in the SEFC Variable Energy Use Charge for Class 1.
4. SWCRA is directed to file an application to set rates under a levelized rate structure, as described in the Decision issued concurrently with this order, by no later than June 30, 2019.
5. SWCRA's application for a monthly metering charge of \$9.50 per account is approved. SWCRA is directed to report on the actual hours spent for metering activities on a monthly and annual basis as part of the levelized rate application due no later than June 30, 2019.
6. The SETES rates established by Directives 1 through 3 and 5 of this order are approved on a permanent basis, effective the date of this order, until December 31, 2019.
7. The establishment of a deferral account to record annual revenue deficiencies or surpluses, as described in the Decision issued concurrently with this order, is approved. This deferral account is approved to accrue carrying charges based on SWCRA's weighted average cost of capital. SWCRA is directed to apply for recovery of this deferral account as part of the levelized rate application due no later than June 30, 2019. SWCRA must include in the levelized rate application the details of the annual revenue deficiency or surplus, including the detailed calculations of the annual revenue and a line-by-line breakdown of the annual costs incurred. SWCRA must also compare the annual revenue and costs to the forecast amounts provided in the confidential financial model filed as Appendix E to the Updated Application (Exhibit B-1-1) in this proceeding.
8. SWCRA is approved to establish the Sustainment Capital Deferral Account (SCDA) and the Emergency Repair Deferral Account (ERDA) in accordance with the methodology established in the Decision issued concurrently with this order. These deferral accounts are effective until December 31, 2019.
9. SWCRA's application for SCDA and ERDA rate riders is denied at this time. SWCRA may apply for approval of these rate riders under the conditions outlined in the Decision issued concurrently with this order.
10. SWCRA's application to record 75 percent of the actual regulatory costs incurred for this proceeding in the Regulatory Deferral Account (RDA) is approved. SWCRA is directed to accrue carrying charges on the RDA based on SWCRA's weighted average cost of debt. SWCRA is directed to apply for recovery of the RDA, as outlined in the Decision issued concurrently with this order, as part of the levelized rate application due no later than June 30, 2019.
11. SWCRA is directed to submit a compliance filing to the Commission, no later than January 31, 2018, which provides revised rates and rate schedules based on the rates approved in this order. As part of the compliance filing, SWCRA must provide the supporting SEFC rate schedules to ensure that the SWCRA rates are based on the most recent SEFC rates. In the compliance filing, SWCRA must also calculate the difference between interim and permanent rates and come forth with a proposal for refunding the difference to customers, as further discussed in Section 5.2 of the Decision issued concurrently with this order.

12. SWCRA's application for approval of Standard Fees and Charges and approval of the SETES Tariff is approved subject to the revisions described in the Decision issued concurrently with this order. SWCRA is directed to file all revisions to the SETES Tariff as part of its compliance filing due no later than January 31, 2018.
13. SWCRA must comply with all of the directives in the Decision issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of December 2017.

BY ORDER

Original signed by:

R. D. Revel
Commissioner