



ORDER NUMBER
G-248-18

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

and

Creative Energy Vancouver Platforms Inc.
Application for 2019 Interim Rates for Core Steam and Northeast False Creek Operations

BEFORE:

D. M. Morton, Commissioner
D. A. Cote, Commissioner
D. J. Enns, Commissioner
A. K. Fung, QC, Commissioner
M. Kresivo, QC, Commissioner
B. A. Magnan, Commissioner
R. I. Mason, Commissioner

on December 20, 2018

ORDER

WHEREAS:

- A. On December 14, 2018, Creative Energy Vancouver Platforms Inc. (Creative Energy) applied to the British Columbia Utilities Commission (BCUC) for approval to set interim 2019 rates for the core steam and Northeast False Creek (NEFC) operations (Application);
- B. Creative Energy requests approval to maintain core steam rates at existing 2018 rates on an interim basis, effective January 1, 2019. With regard to NEFC, Creative Energy requests approval to maintain the fixed rate component at existing rates and to increase the variable rate component by 1.84 percent on an interim basis, effective January 1, 2019;
- C. Creative Energy states that it will file a full rate application with the BCUC in early 2019 for both core steam service and NEFC;
- D. By Order G-205-18 dated October 25, 2018, and decision issued concurrently, the BCUC approved permanent 2018 rates for the core steam service;
- E. By Order G-167-16 dated November 18, 2016, and decision issued concurrently, the BCUC approved permanent 2016 and 2017 rates for the core steam service and for NEFC; and
- F. The BCUC has reviewed the Application and makes the following determinations.

NOW THEREFORE pursuant to sections 59-61 and 89 of the UCA, for the reasons attached as Appendix A to this order, the BCUC orders as follows:

1. Creative Energy's application to maintain core steam rates at existing 2018 rates on an interim basis, effective January 1, 2019, is approved.
2. Creative Energy's application to increase the variable component of NEFC's rates by 1.84 percent is denied. Creative Energy is directed to maintain NEFC's fixed and variable rates at existing rates on an interim basis, effective January 1, 2019.
3. Any variances between the interim and permanent rates as determined by the BCUC following final disposition of the 2019 rates application for the core steam and NEFC operations are subject to refund/recovery, with interest at the average prime rate of Creative Energy's principal bank for its most recent year.
4. Creative Energy is directed to file with the BCUC, within 30 days of the issuance of this order, amended tariff pages in accordance with the terms of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of December 2018.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

Creative Energy Vancouver Platforms Inc.
Application for 2019 Interim Rates for Core Steam and Northeast False Creek Operations

REASONS FOR DECISION

1.0 Background and application

On December 14, 2018, Creative Energy Vancouver Platforms Inc. (Creative Energy) applied to the British Columbia Utilities Commission (BCUC) for approval of the following:

- Maintain core steam rates at existing 2018 rates on an interim basis, effective January 1, 2019; and
- Maintain the fixed component of the Northeast False Creek (NEFC) rate at existing 2018 rates and increase the variable component of the NEFC rate by 1.84 percent on an interim basis, effective January 1, 2019.

Creative Energy states that a full rate application based on cost of service will be prepared and submitted to the BCUC in early 2019 for both the core steam service and NEFC.

Core steam rates

On December 1, 2017, Creative Energy filed its 2018-2022 revenue requirements application (RRA) with the BCUC seeking, among other things, approval of a multi-year index-based ratemaking (IBR) mechanism to be applied to setting steam rates for the years 2018-2022. As part of the application, Creative Energy applied for approval of an interim steam rate increase of 2.15 percent, effective January 1, 2018. The BCUC approved the interim steam rate increase of 2.15 percent by Order G-200-17.

On October 25, 2018, the BCUC issued its decision and Order G-205-18 on the 2018-2022 RRA (2018-2022 RRA Decision). As part of the 2018-2022 RRA Decision, the BCUC denied Creative Energy's request to set core steam rates for years 2018-2022 using the IBR mechanism and instead approved permanent rates for the core steam operations for 2018 only. Creative Energy was advised in the decision that it would need to apply for 2019 interim and permanent rates in a separate application subsequent to the issuance of the decision if it intends to adjust rates for 2019.

As a result of the 2018-2022 RRA Decision, Creative Energy's approved permanent rate for 2018 was 2.9 percent lower than the interim 2018 rate, resulting in a rate decrease compared to both 2018 interim rates and 2017 rates.

In the current Application, as stated above, Creative Energy proposes to maintain 2019 rates at the approved 2018 rates on an interim basis. While the rates being requested on an interim basis are the same as the 2018 rates, the interim revenue requirement for 2019 is different than the 2018 approved revenue requirement.

Creative Energy proposes to make a number of adjustments to the 2019 revenue requirement, including applying an inflationary increase of 1.84 percent to operations and maintenance (O&M) expenses, municipal access fees and property taxes. Creative Energy also proposes to remove the amortization expense related to deferral accounts from the 2019 revenue requirement. The net result of the proposed adjustments to the 2019 revenue requirement is a zero change in rates.

NEFC

The rates, revenue requirements and rate design for NEFC were last reviewed and approved by the BCUC as part of the Creative Energy 2016-2017 RRA and Rate Design for NEFC Hot Water Service (2016-2017 RRA) proceeding. The BCUC's decision and Order G-167-16 regarding the 2016-2017 RRA approved permanent 2016 and 2017 rates for both the core steam service and for NEFC.

NEFC's current rates, which are the rates approved by Order G-167-16, are as follows:

- Fixed Rate of \$0.27 per square meter per month;
- Variable Rate of \$52.1 per megawatt hour (MWh).

Creative Energy proposes to maintain the fixed component of the NEFC rate at the existing 2018 rate on an interim basis but proposes to increase the variable component of the rate by 1.84 percent, resulting in a 2019 interim variable rate of \$53.00 per MWh.

Creative Energy provides no rationale for the proposed variable rate increase for NEFC.

2.0 BCUC determination

The Panel finds that Creative Energy has not provided adequate evidence to support its requested changes, both to the 2019 revenue requirement for the core steam operations and to the variable rate for NEFC. Further, the tight timeframe with which the Application was filed to obtain interim rates for 2019 creates a situation where it is not practicable to undertake a more detailed review process.

The Panel acknowledges that Creative Energy intends to file a full rate application for the core steam system and for NEFC in 2019 and is thus only seeking interim 2019 rates at this time. An interim rate application in such circumstances should generally seek to maintain the status quo unless the utility is able to provide compelling evidence for changes to be made. No such evidence was provided in this case.

The Panel therefore finds that the most reasonable approach is to maintain both the core steam and the NEFC rates at the existing approved rates on an interim basis. This approach will prevent ratepayers from experiencing multiple rate changes in 2019, as it is likely that permanent 2019 rates will be different than interim rates.

In consideration of the above, the Panel directs the following:

- **Creative Energy is approved to maintain core steam rates at approved 2018 rates on an interim basis, effective January 1, 2019.**
- **Creative Energy's request to increase the variable component of NEFC's rates by 1.84 percent is denied. Creative Energy is directed to maintain NEFC's fixed and variable rates at existing rates on an interim basis, effective January 1, 2019.**