



**ORDER NUMBER
G-7-20A**

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

and

Creative Energy Vancouver Platforms Inc.
2019-2020 Revenue Requirements Application for the
Core Steam System and Northeast False Creek Service Areas

BEFORE:

A. K. Fung, QC, Panel Chair
K. A. Keilty, Commissioner
E. B. Lockhart, Commissioner

on January 15, 2020

ORDER

WHEREAS:

- A. On December 19, 2019, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) a 2019-2020 Revenue Requirements Application (RRA) for the core steam system (Core Steam System) and Northeast False Creek (NEFC) service areas (Application);
- B. In the Application, Creative Energy requests for the Core Steam System, among other things, the following approvals:
 - (i) Permanent approval to maintain rates for the Core Steam System (Steam Rates) at 2019 interim approved rates, effective January 1, 2019;
 - (ii) Interim and permanent approval of an increase in Steam Rates of 4.2 percent, effective January 1, 2020; and
 - (iii) Interim and permanent approval to establish a Deferral Account Rate Rider (DARR) to recover specific non-rate base regulatory and pension-related deferred costs from Core Steam System customers over a two-year amortization period, commencing January 1, 2020;
- C. Creative Energy also requests for the NEFC service area, among other things, the following approvals:
 - (i) Permanent approval to maintain NEFC's fixed and variable rates (Hot Water Service Rates) at 2019 interim approved rates, effective January 1, 2019;
 - (ii) Interim and permanent approval of an increase in Hot Water Service Rates of 3.7 percent, effective January 1, 2020; and

- (iii) Interim and permanent approval to charge a Fuel Cost Adjustment Charge (FCAC) Rate Rider to NEFC customers to recover the existing FCAC Rate Rider in effect for Core Steam System customers, effective January 1, 2020 and ending February 28, 2021;
- D. Creative Energy also requests an extension to the filing deadline of a proposal for the potential recovery of the balance in its Fuel Switch Study and Long-Term Resource Plan (LTRP) Deferral Account from January 31, 2020, as directed in Order G-205-18, to December 31, 2020 (Extension Request);
- E. Creative Energy states in the Extension Request that due to resource constraints and the ongoing uncertainty with respect to fuel switch planning and funding sources it does not have an updated LTRP at this time. Creative Energy instead proposes to address the recovery of the balance in the Fuel Switch Study and LTRP Deferral Account at the same time that it files an updated LTRP in the 2021 RRA; and
- F. The BCUC has commenced review of the Application and considers that certain interim approvals and the establishment of a regulatory timetable are warranted.

NOW THEREFORE pursuant to sections 59-61 and 91 of the *Utilities Commission Act* and for the reasons attached as Appendix B to this order, the BCUC orders as follows:

1. The 4.2 percent increase in Steam Rates, effective January 1, 2020, is approved on an interim and refundable basis.
2. The 3.7 percent increase in Hot Water Service Rates, effective January 1, 2020, is approved on an interim and refundable basis.
3. The establishment of a DARR of \$0.29 per thousand pounds of steam to recover specific non-rate base regulatory and pension-related deferred costs over a two-year period from Core Steam System customers, commencing January 1, 2020, is approved on an interim and refundable basis.
4. The request to charge a FCAC Rate Rider of \$16.15 per megawatt hour (MWh) to NEFC customers, commencing January 1, 2020 and ending February 28, 2021, is approved on an interim and refundable basis.
5. Any variances between approved interim rates and the permanent rates as determined at the time the BCUC renders its final decision on the Application are subject to refund/recovery, with interest at the average prime rate of Creative Energy's principal bank for its most recent year.
6. Creative Energy is directed to file with the BCUC, within 10 days of the issuance of this order, amended tariff pages in accordance with the terms of this order.
7. Creative Energy is directed to file a proposal with the BCUC for the potential recovery of the balance in its Fuel Switch Study and LTRP Deferral Account by February 21, 2020.
8. A regulatory timetable for the review of the Application is established, as set out in Appendix A to this order.
9. Creative Energy is directed to provide notice of the Application and a copy of this order by mail, as soon as is reasonably possible, but by no later than January 22, 2020 to:
 - a. all parties who participated in the Creative Energy 2018-2022 Revenue Requirements Application;

- b. all parties who participated in the Creative Energy 2016-2017 Revenue Requirements and Rate Design for Northeast False Creek Hot Water Service Application, and
 - c. all affected customers.
10. Creative Energy is directed to publish notice of the Application on its Twitter, LinkedIn and Facebook social media platforms on or before January 22, 2020 and must publish weekly reminder notices on each of these platforms until the conclusion of the intervener registration period on February 12, 2020.
11. Creative Energy is directed to make the Application available to the public for inspection at the Creative Energy Vancouver office at 720 Beatty Street, Vancouver, BC V6B 2M1 and on Creative Energy's website.
12. In accordance with the Rules of Practice and Procedure as attached to BCUC Order G-15-19, parties who wish to participate in the proceeding may submit a letter of comment, register as an interested party or request intervener status. Parties who wish to request intervener status are to register with the BCUC by completing a [Request to Intervene Form](#) by the date established in the regulatory timetable attached as Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of January 2020.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner

Attachment

Creative Energy Vancouver Platforms Inc.
2019-2020 Revenue Requirements Application for the
Core Steam System and Northeast False Creek Service Area

REGULATORY TIMETABLE

Action	Date (2020)
Creative Energy notice of Application	Wednesday, January 22
Intervener Registration	Wednesday, February 12
Creative Energy filing of Evidentiary Update	Friday, February 21
BCUC Information Request (IR) No. 1 to Creative Energy	Thursday, March 5
Intervener IR No. 1 to Creative Energy	Thursday, March 12
Creative Energy responses to BCUC and Intervener IR No. 1	Thursday, April 2
BCUC IR and Intervener No. 2 to Creative Energy	Tuesday, April 21
Creative Energy responses to BCUC and Intervener IR No. 2	Tuesday, May 5
Creative Energy Final Argument	Tuesday, May 12
Intervener Final Argument	Thursday, May 21
Creative Energy Reply Argument	Thursday, May 28

Creative Energy Vancouver Platforms Inc.
2019-2020 Revenue Requirements Application for the
Core Steam System and Northeast False Creek Service Area

REASONS FOR DECISION

On December 19, 2019, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) a 2019-2020 Revenue Requirements Application (RRA) for the core steam system (Core Steam System) and Northeast False Creek (NEFC) service areas (Application).

1.0 Application

Interim Rates

In the Application, Creative Energy requests, for the Core Steam System, the following on an interim and refundable basis:

- (i) Approval to increase rates for the Core Steam System (Steam Rates) by 4.2 percent, effective January 1, 2020; and
- (ii) Approval to establish a Deferral Account Rate Rider (DARR) to recover specific non-rate base regulatory and pension-related deferred costs from Core Steam System customers over a two-year amortization period, commencing January 1, 2020.

Creative Energy also requests, for the NEFC service area, the following on an interim and refundable basis:

- (i) Approval to increase NEFC's fixed and variable rates (Hot Water Service Rates) by 3.7 percent, effective January 1, 2020; and
- (ii) Approval to charge a Fuel Cost Adjustment Charge (FCAC) Rate Rider to NEFC customers to recover the existing FCAC Rate Rider in effect for Core Steam System customers, effective January 1, 2020 and ending February 28, 2021.

Extension Request

On December 1, 2017, Creative Energy filed its 2018-2022 RRA with the BCUC seeking approval, among other requests, to include \$720,232 of costs incurred on account of its June 9, 2017 LTRP application (2017 LTRP Application) into an existing Third Party Regulatory Costs Deferral Account (TPRCDA).

On October 25, 2018, the BCUC issued Decision and Order G-205-18 (2018-2022 RRA Decision). As part of that Decision, the BCUC found that the TPRCDA is not meant to capture extraordinary costs of the nature and magnitude claimed on account of the 2017 LTRP Application and directed Creative Energy to establish a new deferral account titled the "Fuel Switch Study and LTRP" Deferral Account. Creative Energy was directed to transfer all amounts captured on account of "Consultants – LTRP" from the TPRCDA to the newly established deferral account, including all actual costs incurred on account of the Fuel Switch Study and the LTRP in 2017 and 2018, net of all applicable offsetting grants.

The BCUC further directed Creative Energy to file a proposal with the BCUC for the potential recovery of the balance in the Fuel Switch Study and LTRP Deferral Account by no later than January 31, 2020 if, contrary to its stated intentions, it does not file an updated LTRP by December 31, 2019.

Within the Application filed on December 19, 2019, Creative Energy submitted an extension request for the filing of a proposal regarding the potential recovery of the balance in its Fuel Switch Study and LTRP Deferral Account from January 31, 2020 (the filing date directed by the BCUC in Order G-205-18), to December 31, 2020 (Extension Request).

Creative Energy states in the Extension Request that due to resource constraints and the ongoing uncertainty with respect to fuel switch planning and funding sources it does not have an updated LTRP at this time. Creative Energy instead proposes to address the recovery of the balance in the Fuel Switch Study and LTRP Deferral Account at the same time that it files an updated LTRP in the 2021 revenue requirements application.

2.0 BCUC Determination

Interim Rates

In determining whether interim rates ought to be approved in a revenue requirement hearing, the BCUC requires *prima facie* evidence from the applicant utility to justify the need for increased revenue during the requested period. Where interim rates are approved, they are provided on a refundable basis. **The Panel has considered the Application and approves the following, effective January 1, 2020, on an interim and refundable basis:**

- **The 4.2 percent increase in Steam Rates;**
- **The 3.7 percent increase in Hot Water Service Rates;**
- **The establishment of a DARR of \$0.29 per thousand pounds of steam to recover specific non-rate base regulatory and pension-related deferred costs over a two-year period from Core Steam System customers; and**
- **The request to charge a FCAC Rate Rider of \$16.15 per megawatt hour (MWh) to NEFC customers, commencing January 1, 2020 and ending February 28, 2021.**

Extension Request

With respect to the Extension Request, **the Panel directs Creative Energy to file a proposal with the BCUC for the potential recovery of the balance in its Fuel Switch Study and LTRP Deferral Account by February 21, 2020.** The Panel finds that Creative Energy's reasons for the Extension Request to be insufficient to warrant the length of the delay requested. In the Panel's view, the filing of an updated LTRP and a proposal regarding the potential recovery of the balance in the Fuel Switch Study and LTRP Deferral Account are two separate issues.

In the 2018-2022 RRA Decision issued on October 25, 2018, the BCUC directed that Creative Energy file a proposal to deal with the treatment of the balance in the Fuel Switch Study and LTRP Deferral Account by January 31, 2020, if it did not file an updated LTRP by December 31, 2019. As of January 31, 2020, Creative Energy will have had more than 15 months to either file an updated LTRP or to separately file a proposal to address the potential recovery of the balance in the deferral account. Notwithstanding that clear direction, Creative Energy has not filed either item to date.

Creative Energy now seeks to further delay the filing of an updated LTRP and a proposal for the disposition of the deferral account balance until its 2021 RRA, which would result in almost a one year extension in the original filing date directed by the BCUC on October 25, 2018. In the Panel's view, Creative Energy has not provided sufficient evidence to support such an extensive delay. However, the Panel takes into consideration that there may be current resource constraints at Creative Energy and exercises its discretion in providing a 3-week extension to the filing deadline for a Fuel Switch Study and LTRP Deferral Account proposal from the current deadline of January 31, 2020, to February 21, 2020.