



**ORDER NUMBER
G-36-21**

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

and

Shannon Estates Utility Ltd.
Levelized Rate Application
for the Shannon Estates Thermal Energy System

BEFORE:

T. A. Loski, Panel Chair
K. A. Keilty, Commissioner
B. A. Magnan, Commissioner

on February 2, 2021

ORDER

WHEREAS:

- A. On June 30, 2020, Shannon Estates Utility Ltd. (SEUL) filed an application with the British Columbia Utilities Commission (BCUC) for approval of rates for the Shannon Estates Thermal Energy System (SETES) for a ten-year period, effective January 1, 2021 (Application);
- B. In the Application, SEUL also requests approval for the continuation of the Regulatory Deferral Account and the Revenue Deficiency/Surplus Deferral Account, as well as approval to establish an Unplanned Sustainment Capital and Maintenance Deferral Account, an Energy Costs Deferral Account, and associated rate riders that recover from, or distribute to, customers of the SETES;
- C. Among other changes, SEUL proposes the following rates, effective January 1, 2021:
 - Domestic hot water heating, space heating and space cooling at \$0.012950/kWh (an increase of 143.83 percent); and
 - Monthly capacity levy at \$0.05528/ft² (an increase of 2.00 percent).
- D. By Order G-186-20, the BCUC established a public hearing process and regulatory timetable for the review of the Application, which included a public hearing process for the review of the Application, consisting of two rounds of BCUC and Intervener information requests, responses from SEUL, and final and reply arguments from parties;
- E. By Order G-372-20, dated December 11, 2020, the BCUC approved the applied for rates effective January 1, 2021, on an interim and refundable basis, pending the issuance of the its final decision on the Application; and

- F. The BCUC has reviewed the Application, evidence, and arguments filed by all parties in the proceeding and finds that following approvals are warranted.

NOW THEREFORE pursuant to sections 56 and 58 to 61 of the *Utilities Commission Act* and the Decision issued concurrently with this order, the BCUC orders as follows:

1. SEUL is approved to set permanent levelized rates for the SETES effective January 1, 2021 for a ten-year period incorporating the following determinations as set out in the Decision issued concurrently with this order:
 - Domestic hot water heating, space heating and space cooling - \$0.08346/kWh;
 - Monthly capacity levy - \$0.08517/ft²; and
 - Elimination of the separate metering charge.
2. SEUL is approved to use the forecast depreciation rates and forecast depreciation amounts reflected in SEUL's Financial Model as set out in the Application.
3. SEUL is approved to increase rates for years 2 to 10 of the 10-year period as set out in the Application.
4. SEUL is approved to write off the balance in the 2017 Revenue Deficiency/Surplus Deferral Account as at December 31, which is estimated to be approximately \$3.5 million, after which this account shall be closed.
5. SEUL is approved to establish the 2022 Revenue Deficiency/Surplus Deferral Account (RDDA) to facilitate the approved rate levelization and to be used for the purpose of recording the differences between the forecast revenue requirement and forecast revenues.
6. SEUL is directed to recalculate the forecast revenue requirements and rates to reflect a 27 percent income tax rate and include the recalculation in a compliance filing to the BCUC within 60 days of this order. The requested increase of a forecast 2 percent every 3 years is denied.
7. SEUL is approved to establish a Tax Rate Variance Account (TRVA) to capture variances between the forecast income tax rate (27 percent) and actual income tax rates.
8. SEUL is approved to recover variances in forecast regulatory costs in excess of \$165,000 in the Regulatory Deferral Account (RDA) through the use of a rate rider, in accordance with the methodology established in the Decision issued concurrently with this order.
9. SEUL is approved to establish the Unplanned Sustainment Capital and Maintenance Deferral Account (USCMDA) to capture any unplanned sustainment capital costs and unplanned maintenance costs, in excess of a total annual financial impact of \$20,000. SEUL is approved to use a rate rider to recoup any balances in the USCMDA over a one-year period in accordance with the methodology established in the Decision issued concurrently with this order.
10. SEUL is approved to establish the Energy Costs Deferral Account (ECDA) to capture forecast variances in electricity and natural gas expenses. SEUL is approved to use a rate rider to recover any variances in SEUL's energy expenses in accordance with the methodology established in the Decision issued concurrently with this order.

11. SEUL is directed to apply annually to the BCUC for review and approval of any rate rider(s) for the recovery of balances in the TRVA, RDA, USCMDA, and ECDA accounts. This may be in the form of a single application which includes a breakdown of each of the requested rate riders, if applicable.
12. SEUL is approved to revise the Thermal Energy Services Tariff (Tariff) for the SETES, as set out in the Decision issued concurrently with this order
13. SEUL is directed to collect from/refund to customers the difference between the 2021 interim rates and the 2021 permanent rates, as outlined in the Decision issued concurrently with this order. Any difference is to include interest calculated at the average prime rate for Canadian banks and is to be refunded to customers as soon as practicable.
14. SEUL is directed to submit a compliance filing to the BCUC within 60 days of this order, reflecting all adjustments outlined in the Decision issued concurrently with this order, including updated tariff schedules reflecting the approved permanent rates.
15. SEUL is directed to comply with all other directives in the Reasons for Decision issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of February 2021.

BY ORDER

Original signed by:

T. A. Loski
Commissioner