



**ORDER NUMBER
F-3-25**

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

and

British Columbia Utilities Commission
Generic Cost of Capital Stage 2
Participant Cost Award Application

BEFORE:

A. K. Fung, KC, Panel Chair
K. A. Keilty, Commissioner
T. A. Loski, Commissioner

on January 28, 2025

ORDER

WHEREAS:

- A. By Order G-66-21 dated March 8, 2021, pursuant to section 82 of the *Utilities Commission Act*, the British Columbia Utilities Commission (BCUC) established a Generic Cost of Capital (GCOC) proceeding. The BCUC in Stage 1 of the GCOC proceeding set the deemed equity component and allowed return on equity for FortisBC Energy Inc. and FortisBC Inc. The BCUC in Stage 2 of the GCOC proceeding determined which utility would act as the benchmark and set the deemed equity component and allowed return on equity for all other utilities that use the benchmark in British Columbia (BC);
- B. By Orders G-6-24, G-150-24, G-172-24, G-209-24, and G-213-24, respectively, the BCUC set and amended the regulatory timetable for Stage 2 of the GCOC proceeding which included submissions on the benchmark, utilities' filing of evidence, one round of information requests (IRs), letters of comment, final arguments, and reply arguments;
- C. On November 29, 2024, the BCUC issued Order G-321-24 setting the deemed equity component and allowed return on equity for utilities that use the benchmark utility in BC and concluded Stage 2 of the GCOC proceeding;
- D. On December 2, 2024, the BCUC issued a letter to utilities and interveners seeking comments on Participant Cost Award (PCA) allocation and payment matters;
- E. The following interveners filed PCA applications with the BCUC with respect to their participation in Stage 2 of the GCOC proceeding for the following amounts and included submissions in response to the BCUC's December 2, 2024 letter:

Date	Participant	Application
December 10, 2024 (refiled on December 19, 2024)	The Commercial Energy Consumers Association of British Columbia (the CEC)	\$36,391.34
December 10, 2024	BC Old Age Pensioners' Organization (BCOAPO)	\$53,510.50
December 10, 2024	Residential Consumer Intervener Association (RCIA)	\$97,554.80

- F. By January 8, 2025, the BCUC received submissions from Kyuquot Power Ltd., Creative Energy Vancouver Platforms Inc. (Creative Energy), River District Energy, Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd., Nelson Hydro, FortisBC Alternative Energy Service Inc., and Corix (CA) DE Services Limited Partnership, which included comments on the PCA applications and PCA allocations;
- G. By letter dated January 15, 2025, RCIA provided its reply to the utilities' comments; and
- H. The Panel has reviewed the PCA applications in accordance with the criteria and rates set out in the BCUC's Rules of Practice and Procedure and makes the following determinations.

NOW THEREFORE pursuant to section 118 of the *Utilities Commission Act*, and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. Costs are awarded to the following participants in the listed amounts below for their respective participation in Stage 2 of the GCOC proceeding:

Participant	Award
The CEC	\$36,391.34
BCOAPO	\$53,510.50
RCIA	\$48,777.40

2. The utilities responsible for paying PCAs for Stage 2 of the GCOC proceeding are set out below, which includes the PCA allocation among the responsible utilities, determined by their 2023 energy sales data as set out in Order G-141-24:

Utility	PCA amount owed by each utility
Pacific Northern Gas Ltd.	\$56,409.94
Pacific Northern Gas (N.E.) Ltd. Tumbler Ridge	\$9,777.95
Pacific Northern Gas (N.E.) Ltd. Fort St. John / Dawson Creek	\$48,043.78
Corix Burnaby Mountain DE Limited Partnership	\$2,236.59
Corix UBCDE Limited Partnership	\$780.03

Corix Dockside Green DE Limited Partnership	\$143.60
Creative Energy Core Steam System	\$14,859.52
Creative Energy South Downtown Heating TES	\$312.45
Creative Energy South Downtown District Cooling System	\$153.07
Creative Energy Mount Pleasant Limited Partnership	\$14.23
River District Energy	\$1,120.84
Boralex Ocean Falls Limited Partnership	\$1,087.03
Nelson Hydro	\$2,852.56
FortisBC Alternative Energy Service Inc.	\$887.65
Total	\$138,679.24

3. Pacific Northern Gas Ltd. is directed to pay the PCA amounts to the interveners as set out in Directive 1, in full and in a timely manner, and to collect the pro-rata payments from the other utilities as set out in Directive 2.
4. The utilities referred to in Directive 2, other than Pacific Northern Gas Ltd., are directed to reimburse Pacific Northern Gas Ltd. in a timely manner for their respective pro-rata allocations of PCAs in the amounts set out in Directive 2.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of January 2025.

BY ORDER

Electronically signed by Anna Fung

A. K. Fung, KC
Commissioner

British Columbia Utilities Commission
Generic Cost of Capital Stage 2

DECISION

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1.0 Introduction

On November 29, 2024, the British Columbia Utilities Commission (BCUC) issued Order G-321-24 and concluded Stage 2 of the Generic Cost of Capital (GCOC) proceeding. In Stage 2 of the GCOC proceeding, the BCUC determined that FortisBC Energy Inc. will continue to serve as the benchmark utility for all other public utilities in British Columbia (BC) that use the benchmark utility to establish their own cost of capital. Accordingly, among other matters in Stage 2 of the GCOC proceeding, the BCUC set the deemed equity component and allowed return on equity for utilities that use the benchmark utility in BC.

The regulatory timetable for Stage 2 of the GCOC proceeding included submissions on the benchmark, utilities' filing of evidence, one round of information requests (IRs), letters of comment, final arguments, and reply arguments.¹

Of the BC utilities that use the benchmark utility to set their cost of capital (collectively the Stage 2 utilities), the following participated in the proceeding:

- Three divisions of Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. (collectively, PNG), those being the PNG West Division, PNG (N.E.) Fort St. John/Dawson Creek, and PNG (N.E.) Tumbler Ridge Divisions
- Three thermal energy systems (TES) projects under Corix Multi-Utility Services Inc. (now known as Corix (CA) DE Services Limited Partnership) (Corix), those being Corix Burnaby Mountain DE Limited Partnership, Corix UBCDE Limited Partnership, and Corix Dockside Green DE Limited Partnership
- Four TES projects related to Creative Energy Vancouver Platforms Inc. (Creative Energy), those being Creative Energy Vancouver Platforms Inc. Core Steam System, Creative Energy South Downtown Heating TES, Creative Energy South Downtown District Cooling System, and Creative Energy Mount Pleasant Limited Partnership
- River District Energy (RDE)
- Boralex Ocean Falls Limited Partnership (Boralex)
- Nelson Hydro
- FortisBC Alternative Energy Service Inc. (FAES)²
- Kyuquot Power Ltd. (KPL)³

The following three interveners applied for participant cost awards (PCAs) for their participation in Stage 2 of the GCOC proceeding:

- Commercial Energy Consumer Association of British Columbia (the CEC)
- British Columbia Old Age Pensioners' Organization et al. (BCOAPO)
- Residential Consumer Intervener Association (RCIA)

¹ BCUC Orders G-6-24, G-150-24, G-172-24, and G-213-24.

² While FAES participated in Stage 2 of the GCOC proceeding, it does not currently have any rate-regulated thermal energy system (TES) projects that are directly impacted by the deemed equity component and allowed return on equity determinations of Stage 2 of the GCOC proceeding.

³ KPL responded to BCUC IR No. 1, but did not file evidence or arguments in Stage 2 of the GCOC proceeding.

In this decision, the Panel reviews the merits of the PCA applications pursuant to the authority and criteria established for PCAs under the *Utilities Commission Act* (UCA) and Part VI of the BCUC's Rules of Practice and Procedure (Rules), and determines the award allocation methodology and means of collection.

2.0 Legislative Framework

Section 118(1) of the UCA provides that "the BCUC may order a participant in a proceeding before the BCUC to pay all or part of the costs of another participant in the proceeding."⁴

The PCA rules (PCA Rules) set out in Part VI of the Rules stipulate the eligibility requirements and criteria used in assessing cost awards, including the process for applying for a cost award, eligible costs, and rates in BCUC proceedings.

Rule 36.01 provides that the BCUC will determine the amount of a cost award, if any, in accordance with the purpose of the PCA rules and that it will consider the following criteria as applicable:

- a) Whether such costs were necessarily and properly incurred in the conduct of the proceeding;
- b) Whether such costs are reasonable;
- c) Whether the participant has demonstrated through its participation that it has:
 - i. Contributed to a better understanding by the BCUC of one or more of the issues in the proceeding;
 - ii. Made reasonable efforts to combine or coordinate its participation with that of one or more participants with similar interests, in order to avoid duplication and reduce costs;
 - iii. Engaged in conduct or activity that resulted in a more efficient and/or shorter proceeding;
 - iv. Refrained from conduct or activity that unnecessarily lengthened the duration of the proceeding or resulted in unnecessary costs;
 - v. Refrained from conduct or activities which the BCUC considers inappropriate or irresponsible;
 - vi. Made reasonable efforts to ensure participation in the proceeding, including information requests, issues raised, evidence, cross-examination, and arguments, was within the scope of the proceeding or not unduly repetitive;
 - vii. Engaged in conduct consistent with the participant's approved scope of participation in the proceeding;
 - viii. Incurred time participating in the proceeding that was proportionate to the scope of the proceeding and/or the complexity or novelty of the proceeding;
 - ix. Complied with the BCUC's orders, directions, and rules; and
- d) Any other matter the BCUC determines appropriate in the circumstances.

⁴ UCA, RSBC 1996, c 473.

3.0 PCA Applications

3.1 Overview

The BCUC received PCA applications from three interveners in this proceeding: RCIA, the CEC, and BCOAPO. The following table summarizes the PCA funding sought by each of them:

Date (2024)	Participant	Application
December 10 (refiled on December 19)	The CEC	\$36,391.34
December 10	BCOAPO	\$53,510.50
December 10	RCIA	\$97,554.80

The following table summarizes the funding hours sought by the three interveners in their PCA applications in support of their funding requests:

Item	The CEC	BCOAPO	RCIA
Claimed Legal Hours	35.20	94.50	71.65
Claimed Consultant Hours	107	74.75	369.25
Total	142.20	169.25	440.90

By January 8, 2025, the BCUC received seven submissions from utilities providing their comments on the PCA applications and PCA allocation methodologies. The BCUC did not receive any comments from Boralex.

3.2 The CEC

In its initial filing of its PCA application, the CEC omitted the costs for its consulting services. The CEC refiled its PCA application on December 19, 2024, with updated information. The CEC claimed a total of 142.20 funding hour for its work in Stage 2 of the GCOC proceeding, divided into 35.2 hours for the legal services and 107 hours for the consultant services, as summarized in the funding hours table above.

Panel Determination

The Panel is satisfied that the CEC is eligible for a cost award in accordance with the PCA Rules. The Panel considers the CEC’s requested PCA amount to be reasonable. The Panel finds that the CEC’s participation in Stage 2 of the GCOC proceeding contributed to a better understanding of the issues, and its contributions aligned with the scope of the proceeding. Therefore, the Panel considers the CEC’s request to be reasonable.

The Panel approves the CEC’s requested PCA amount of \$36,391.34 inclusive of tax.

3.3 BCOAPO

BCOAPO applied for a total of 169.25 funding hours for Stage 2 of the GCOC proceeding, divided into 94.5 funding hours for its legal services and 74.75 funding hours for its consulting services. In its PCA application, BCOAPO submits that it contributed materially to the BCUC’s understanding of the issues in the matter, and that its participation was guided by a conscious division of labour to encourage brevity and efficiency.

Panel Determination

The Panel is satisfied that BCOAPO is eligible for a cost award in accordance with the PCA Rules. The Panel finds that BCOAPO contributed to a greater understanding of the issues in Stage 2 of the GCOC proceeding, and its contribution aligned with the scope of Stage 2 of the GCOC proceeding. Therefore, the Panel considers BCOAPO's request to be reasonable.

The Panel approves BCOAPO's requested PCA amount of \$53,510.50 inclusive of tax.

3.4 RCIA

RCIA applied for a cost award reflecting 440.9 hours of services. RCIA claimed 71.65 hours for its legal counsel costs, amounting to \$28,086.80. RCIA claimed 369.25 hours for its consulting services, amounting to \$69,468. This amount is split among seven consultants, six from the consulting firm Midgard Consulting and one individual consultant, M. Vaney.

RCIA submits that it meets all the cost award criteria outlined in Rule 36.01. RCIA argues that it divided labour among the consultants based on subject matter in order to maximize efficiency and minimize redundancy. Additionally, RCIA argues that its funding hours were properly and necessarily incurred, that it contributed to a better understanding of the key issues in the proceeding, and that it demonstrated a commitment to efficiency in its adherence to timelines, making constructive contributions and avoiding extraneous submissions.

In its utility comments, Corix notes that RCIA's requested PCA amount is higher than those of the CEC and BCOAPO combined. Corix states that each customer group intervener had the same scope, and given this, should have utilized a roughly similar number of hours for labour. Similarly, FAES notes the wide disparity among the PCA applications in terms of the hours claimed for both legal and consultant services, as well as the resulting total amounts applied for.

In its reply to utility comments, RCIA reiterated its position that it meets all the cost award criteria outlined in Rule 36.01 and that the number of consultants used was necessary for an effective division of labour.

Panel Determination

The Panel is satisfied that RCIA is eligible for a cost award in accordance with the PCA Rules. However, in light of the quantum of the award sought and the breakdown of the time incurred, especially with respect to the claimed consultant hours, the Panel finds the amount claimed by RCIA to be excessive. While we take no issue with the requested hourly rates or number of hours claimed by RCIA for legal services, we find that the total number of hours claimed by RCIA for its consultants (369.25 hours) is not reasonable. The Panel considers RCIA's PCA total claim is excessive based on its level of contribution to Stage 2 of the GCOC proceeding. Although RCIA's level of contribution is similar to those of the CEC and BCOAPO, RCIA's number of consultant hours and total hours claimed are both higher than the other two interveners combined.

Despite RCIA's assertion that it divided labour among seven consultants to increase efficiency, the Panel finds this not to be the case, as evidenced by RCIA's total number of hours claimed relative to its contribution to the proceeding. The Panel views RCIA's overall contribution to fall between those of the CEC and BCOAPO, and thus finds a 50 percent reduction of RCIA's total requested PCA amount, resulting in an award of \$48,777.40, is reasonable.

Accordingly, the Panel approves RCIA a PCA amount of \$48,777.40 inclusive of tax.

4.0 PCA Allocation to Participants

4.1 Overview

As already noted, pursuant to section 118(1) of the UCA, the BCUC may order a participant in a proceeding to pay all or part of the costs of another participant in the proceeding.⁵ On December 2, 2024, the BCUC issued a letter to utilities and interveners that participated in Stage 2 of the GCOC proceeding to seek comments on PCA allocation and payment matters.

4.2 Participants Responsible for PCAs

Amongst the interveners that responded to the BCUC's request, RCIA submits that all utilities impacted by the decision of Stage 2 of the GCOC proceeding should bear a portion of the costs. Similarly, BCOAPO submits that cost awards should be allocated among utilities that participated in or have been affected by any determinations made in Stage 2 of the GCOC proceeding. The CEC states that all entity utilities should pay for their appropriate share of the costs for the GCOC proceeding.

In response to the BCUC's request, the following utilities propose that all utilities that participated in or have been affected by the decision of Stage 2 of the GCOC proceeding should be responsible for a portion of the PCAs:

- PNG states that cost awards should be allocated to utilities that participated in or have been affected by any determinations made in Stage 2 of the GCOC proceeding.
- Creative Energy submits that all utilities and sub-entities should be included in the allocation of PCAs.
- Nelson Hydro argues that allocation should be made amongst utilities that participated in Stage 2 of the GCOC proceeding.

The following utilities propose at least one utility or project be exempted from payment of PCAs:

- RDE states that cost awards should be allocated to utilities and their sub-entities which are subject to Order G-321-24, not those that participated in the proceeding. Thus, RDE excludes FAES as a proposed payee.
- With the exception of FAES, Corix submits that PCAs should be allocated to all utilities and their sub-entities that received a determination on their cost of capital in Stage 2 of the GCOC proceeding.
- FAES submits that responsibility for PCA amounts should rest with the Stage 2 utilities that participated in Stage 2 of the GCOC proceeding (PNG, Corix, Creative Energy, RDE, FAES, Boralex, Nelson Hydro, and KPL) and their sub-entities or projects that are rate regulated. Accordingly, FAES submits that with respect to its own TES projects, only Delta School District No. 37 and TELUS Garden should be allocated PCA amounts, as they are non-exempt projects.
- KPL argues that PCA allocation should be made amongst utilities and sub-entities that actively participated in Stage 2 of the GCOC proceeding, but that it should be excluded from PCA allocation, as it was not an active participant in this proceeding.

⁵ UCA, RSBC 1996, c 473, section 118(1).

Panel Determination

The Panel determines that the utilities and sub-entities that participated in Stage 2 of the GCOC proceeding are responsible for the intervener PCA amounts, with the exception of KPL and the exempt TES projects related to FAES. The Panel notes that KPL was required to participate in Stage 1 of the GCOC proceeding by Order G-66-21. However, KPL notified the BCUC from the outset of the GCOC proceeding that the utility did not wish to participate in the proceeding due to its high costs for a small utility and only responded to IRs at the BCUC's request during the proceeding. KPL did not file any evidence or final arguments in Stage 2 of the GCOC proceeding. While the Panel ultimately determined KPL's allowed return in Stage 2 of the GCOC proceeding for regulatory efficiency, KPL did not actively participate in the proceeding. In light of KPL's small size and its limited participation in Stage 2 of the GCOC proceeding, we find that KPL should not be responsible to pay any PCAs for this proceeding. We emphasize, however, that this is a fact-specific determination having regard to KPL's unique circumstances and its very limited participation in this proceeding.

With respect to FAES, the utility filed evidence including a proposal for the TES Default and deemed debt rate methodology. FAES used information from two of its non-exempt TES projects, TELUS Garden and Delta School District No. 37, which are indirectly impacted by the determinations in Stage 2 of the GCOC proceeding, in support of its position. FAES's utility evidence was tested by other parties and FAES actively participated throughout Stage 2 of the GCOC proceeding. Therefore, the Panel finds that it is reasonable to apportion PCA costs to FAES's non-exempt TELUS Garden and Delta School District No. 37 TES projects.

The Panel determines that the utilities responsible for PCAs in Stage 2 of the GCOC proceeding are PNG, Corix, Creative Energy, RDE, Boralex, Nelson Hydro, and FAES's non-exempt TELUS Garden and Delta School District No. 37 TES projects.

5.0 PCA Allocation Methodology

The participating utilities proposed three different PCA allocation methods. We review the three different methods for comparison below.

5.1 Rate Base

RCIA and the CEC submit that the BCUC should depart from its past PCA allocation methodology of using energy sales in gigajoules (GJ) for Stage 2 of the 2014 GCOC proceeding.⁶ Instead, these two interveners advocate for using an allocation methodology based on each utility's rate base. Specifically, RCIA suggests that allocation could be based on each utility's rate base as reported in the most recently completed quarter, and the CEC argues for rate base determined by data collected as of December 31, 2023. The CEC claims that this allocation is a better methodology because utilities' return on investment and equity thickness are directly related to their rate base, which better reflects both a utility's energy and capacity investment.

In contrast to those two interveners, no utility advocates for an allocation methodology using rate base data. PNG submits that a rate base methodology will create an administrative burden to develop this data, which is not readily or publicly available.

⁶ BCUC GCOC proceeding (Stage 2), Participant Assistance/Cost Awards, Order F-14-14.

5.2 Energy Sales

RDE, FAES, Corix, Creative Energy, Nelson Hydro, and BCOAPO propose an allocation methodology using 2023 energy sales in GJ as was used in the 2014 GCOC proceeding. This methodology will rely on publicly available energy sales data from the BCUC 2024/25 Levy Calculation.⁷

5.3 Equal Split

PNG is the only utility to propose an allocation methodology other than energy sales or rate base. PNG submits that rate base and energy sales will place a disproportionate financial burden on PNG and proposes an equal split across all Stage 2 utilities instead. PNG submits that this allocation methodology is consistent with the PCA allocation in Stage 1 of the GCOC proceeding which utilized a 50/50 split between FortisBC Energy Inc. and FortisBC Inc.

Panel Determination

The Panel determines that PCA allocation based on 2023 energy sales data in GJ is the most appropriate and efficient method for calculating allocation amongst the responsible utilities. While allocation by rate base may be conceptually linked to the outcome of Stage 2 of the GCOC proceeding relating to deemed capital structure and allowed return on equity, the Panel accepts, as noted by PNG, that current rate base data is not readily or publicly available for all participating utilities. We recognize that additional process would be necessary to obtain rate base information to determine the PCA allocation for this proceeding, which will create regulatory burden for utilities and delay PCA payments. Instead, 2023 energy sales data is publicly available in the BCUC 2024/25 Levy Calculation.⁸ PCA allocation based on energy sales relies on a standardized set of data and is consistent with prior GCOC proceedings.

Therefore, the Panel determines that the PCA allocation among the responsible utilities will be determined by each utility's 2023 energy sales data in GJ as set out in Order G-141-24.

5.4 Payment

BCOAPO, the CEC and RCIA are in favour of having the largest Stage 2 utility pay the PCA amounts, and collecting pro-rata amounts from the remaining utilities which are allocated to pay PCAs. All of the Stage 2 utilities that commented on this matter are also in favour of having the largest utility pay the PCAs and collecting pro-rata amounts from the remaining utilities.

Pacific Northern Gas Ltd., as the largest utility participant in Stage 2 of the GCOC proceeding, recognizes that having one utility disburse the PCAs to the interveners and then collecting those contributions from other utilities is the most efficient method and is willing to take on the associated administrative responsibility for doing so.

Panel Determination

The Panel determines that the utility responsible for the largest portion of the PCAs shall pay the entire awarded amounts to the interveners and subsequently collect the pro-rata amounts from the remaining responsible utilities. We accept that this approach is generally preferred by all parties and note that this method of distribution is consistent with that utilized in Stage 2 of the 2014 GCOC proceeding.⁹

⁷ Recovery of BCUC Costs for the 2024/25 Fiscal Year, Order G-141-24.

⁸ Recovery of BCUC Costs for the 2024/25 Fiscal Year, Order G-141-24, Appendix A.

⁹ BCUC 2013 GCOC proceeding (Stage 2), Participant Assistance/Cost Awards, Order F-14-14.

Accordingly, the Panel directs Pacific Northern Gas Ltd. to pay the PCA amounts awarded to RCIA, BCOAPO and the CEC, in full, and collect pro-rata amounts from the remaining Stage 2 utilities, excluding KPL, as set out in Directive 2 of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of January 2025.

Electronically signed by Anna Fung

A. K. Fung, KC
Panel Chair/Commissioner

Electronically signed by Karen Keilty

K. A. Keilty
Commissioner

Electronically signed by Tom Loski

T. A. Loski
Commissioner