



ORDER NUMBER
G-190-25

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

and

Oakridge Energy Limited Partnership
Reconsideration and Variance of Order G-342-24

BEFORE:
T. A. Loski, Commissioner

on July 31, 2025

ORDER

WHEREAS:

- A. On February 14, 2025, Oakridge Energy Limited Partnership (Oakridge Energy) filed an application with the British Columbia Utilities Commission (BCUC) pursuant to section 99 of the *Utilities Commission Act* (UCA) for reconsideration and variance of Directives 2 and 8 of Order G-342-24 regarding the Oakridge Energy District Energy System 2024 to 2026 Revenue Requirements and Rates (Reconsideration Application);
- B. Oakridge Energy states that its grounds for reconsideration are that there are facts material to the decision that were not placed in evidence in the original proceeding and could not have been discoverable by reasonable diligence, there are new facts and circumstances since the issuance of the decision which have a material bearing on the decision, and there is otherwise just cause;
- C. On December 17, 2024, the BCUC issued Order G-342-24, in which:
 - (i) Directive 2 provided that Oakridge Energy was to establish a non-rate base Revenue Stabilization Account (RSA), attracting interest at its weighted average cost of capital, to capture the annual revenue deficiencies or surpluses resulting from the difference between the annual revenue at the approved capacity charges and the approved capacity revenue requirement; and
 - (ii) Directive 8 provided approval for Oakridge Energy to record the amount of the annual RSA additions for each of the heating and cooling services, effective July 1, 2024, January 1, 2025, and January 1, 2026, as set out in Section 3.0 of that decision and subject to the directives and determinations of that order;
- D. In the Reconsideration Application and subsequent submissions, Oakridge Energy requests for Directive 8 to be rescinded and Directive 2 to be amended such that the non-rate base RSA is approved to capture the difference between the actual delivery revenues and a defined total allowed delivery cost of service;

- E. By Orders G-71-25 and G-142-25, the BCUC established regulatory timetables for the review of the Reconsideration Application, which included public notice requirements, an evidentiary update from Oakridge Energy, one round of BCUC information requests (IRs) to Oakridge Energy, letters of comment, and Oakridge Energy's final argument; and
- F. The BCUC has reviewed the Application and evidence filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 61 and 99 of the UCA, for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. Directive 2 of Order G-342-24 is varied to read as follows:

Oakridge Energy is directed to establish a non-rate base Revenue Stabilization Account (RSA), attracting interest at Oakridge Energy's weighted average cost of capital (WACC), to capture the difference between the actual delivery revenues and the total allowed delivery cost of service for the period from July 1, 2024, to December 31, 2026. The total allowed delivery cost of service is the sum of: (i) actual non-controllable delivery costs; (ii) actual O&M costs excluding external regulatory costs which are held at approved test year amounts; and (iii) approved test year amounts for property taxes.

2. Directive 8 of Order G-342-24 is rescinded.

DATED at the City of Vancouver, in the Province of British Columbia, this 31st day of July 2025.

BY ORDER

Electronically signed by Tom Loski

T.A. Loski
Commissioner

Oakridge Energy Limited Partnership
Reconsideration and Variance of Order G-342-24

DECISION

Executive Summary

On February 14, 2025, Oakridge Energy Limited Partnership (Oakridge Energy) filed an application with the British Columbia Utilities Commission (BCUC) pursuant to section 99 of the *Utilities Commission Act* for reconsideration and variance of Directives 2 and 8 of Order G-342-24 regarding Oakridge Energy District Energy System (DES) 2024 to 2026 Revenue Requirements and Rates (Reconsideration Application). Oakridge Energy states that its grounds for reconsideration are that there are facts material to the decision that were not placed in evidence in the original proceeding and could not have been discoverable by reasonable diligence, there are new facts and circumstances since the issuance of the decision which have a material bearing on the decision, and there is otherwise just cause.

The Panel finds that there is just cause for reconsideration. The impact on Oakridge Energy's ability to forecast its revenue requirements from the circumstances that were not placed in evidence during the 2024–2026 RRA proceeding is significant. The Panel rescinds Directive 8 of Order G-342-24 and varies Directive 2 of Order G-342-24 to read as follows:

Oakridge Energy is directed to establish a non-rate base Revenue Stabilization Account (RSA), attracting interest at Oakridge Energy's weighted average cost of capital (WACC), to capture the difference between the actual delivery revenues and the total allowed delivery cost of service for the period from July 1, 2024, to December 31, 2026. The total allowed delivery cost of service is the sum of: (i) actual non-controllable delivery costs; (ii) actual O&M costs excluding external regulatory costs which are held at approved test year amounts; and (iii) approved test year amounts for property taxes.

The RSA methodology approved in this decision is approved to December 31, 2026.

1.0 Introduction

On February 14, 2025, Oakridge Energy Limited Partnership (Oakridge Energy) filed an application (Reconsideration Application) with the British Columbia Utilities Commission (BCUC), pursuant to section 99 of the *Utilities Commission Act* (UCA), for reconsideration and variance of Directives 2 and 8 of Order G-342-24 regarding the Oakridge Energy District Energy System (DES) 2024 to 2026 Revenue Requirements and Rates application (2024–2026 RRA).¹ Oakridge Energy states that it seeks reconsideration based on the fact that the circumstances impacting its costs and revenues have unfolded differently from the circumstances on which Order G-243-24 and the accompanying decision (2024–2026 RRA Decision) were based, and this has a material impact.²

On March 18, 2025, the BCUC established the regulatory timetable for the review of the Application.³ The timetable included public notice, an evidentiary update from Oakridge Energy, one round of information requests (IRs) from the BCUC, letters of comment and Oakridge Energy’s final argument. Oakridge Energy also filed an amended evidentiary update during the proceeding. The BCUC did not receive any letters of comment.

This decision addresses the Panel’s final determinations on Oakridge Energy’s request for reconsideration and variance of Directives 2 and 8 of Order G-342-24 in the Reconsideration Application and subsequent submissions (hereafter referred to together as the Reconsideration Application).⁴

1.1 Regulatory Framework

Section 99(1) of the UCA provides that the BCUC, on application or on its own motion, may reconsider a decision, an order, a rule or a regulation of the BCUC, and may confirm, vary or rescind the decision, order, rule or regulation.

The BCUC’s Rules of Practice and Procedure⁵ (Rules) outline the rules for reconsideration applications. Rule 26.05 provides that an application for reconsideration of a decision must contain a concise statement of the grounds for reconsideration, which must include one or more of the following:

- (a) the BCUC has made an error of fact, law, or jurisdiction which has a material bearing on the decision;
- (b) facts material to the decision that existed prior to the issuance of the decision were not placed in evidence in the original proceeding and could not have been discovered by reasonable diligence at the time of the original proceeding;
- (c) new fact(s) have arisen since the issuance of the decision which have material bearing on the decision;
- (d) a change in circumstances material to the decision has occurred since the issuance of the decision; or
- (e) where there is otherwise just cause.

¹ Oakridge Energy 2024 to 2026 RRA, Decision and Order G-342-24 dated December 17, 2024.

² Exhibit B-1, pp. 5, 10.

³ Order G-71-25 dated March 18, 2025.

⁴ Exhibit B-1, pp. 10–11; Exhibit B-4, BCUC IR 2.4.1; Exhibit B-3-1, p. 28; Subsequent to the Reconsideration Application, Oakridge Energy amended the remedies sought to Directives 2 and 8 of Order G-342-24.

⁵ Order G-296-24 dated November 14, 2024.

1.2 Background on 2024–2026 RRA Decision

Oakridge Energy is a limited partnership of entities within the Corix Group of Companies and Creative Energy group formed to construct, own and operate the Oakridge Energy DES for the Oakridge Centre Redevelopment.⁶ The Oakridge Centre Redevelopment is a joint venture project between Westbank Holdings and QuadReal Property Group (collectively, the Developer) that will include a mix of low and high-rise mixed-used buildings requiring thermal energy service. The Oakridge Energy DES provides thermal energy to the Oakridge Centre Redevelopment through energy transfer stations interfacing between its distribution piping system and the buildings being provided with service. Construction of the project is to be completed in two phases.⁷

On December 17, 2024, the BCUC issued its 2024–2026 RRA Decision for the approval of Oakridge Energy’s rates in the period from July 1, 2024, to December 31, 2026 (Test Period). Oakridge Energy’s capacity rates were set based on a levelized rate plan that allows for rate increases to be smoothed over time. At the time of the 2024–2026 RRA Decision, the buildings of Phase 1 and 2 of the project were expected to be constructed and requiring thermal energy service in 2024 and 2027, respectively.⁸

To support the levelized rates, Directive 2 of Order G-342-24 issued with the 2024–2026 RRA Decision provided that Oakridge Energy was to establish a non-rate base Revenue Stabilization Account (RSA), attracting interest at its weighted average cost of capital, to capture the annual revenue deficiencies or surpluses resulting from the difference between the annual revenue at the approved capacity charges and the approved capacity revenue requirement. In the 2024–2026 RRA Decision, the BCUC declined to grant Oakridge Energy’s request that the RSA provides forecast versus actual variance treatment for: property taxes, lease costs, fees and levies, income taxes, amortization expense, depreciation, deemed interest on debt, return on equity (ROE), operating and maintenance (O&M) costs, and revenues.⁹

Directive 8 of Order G-342-24 issued with the 2024–2026 RRA Decision approved the specific amount of RSA additions for each of the heating and cooling services and for each of the periods commencing July 1, 2024, January 1, 2025, and January 1, 2026.

On February 21, 2025, the BCUC accepted as filed the updated financial schedules, rates and tariff pages that Oakridge Energy filed pursuant to the 2024–2026 RRA Decision. The updated financial schedules included Oakridge Energy’s approved RSA additions for 2024, 2025 and 2026.¹⁰

2.0 Oakridge Energy’s Grounds for Reconsideration and Remedy Sought

Oakridge Energy states that it seeks reconsideration based on the fact that the circumstances impacting its costs and revenues have unfolded differently from the circumstances on which the 2024–2026 RRA Decision was based, and this has a material impact. Namely, Oakridge Energy submits that, as a result of delayed customer connections and delays to the DES equipment for Phase 1 becoming fully operational, the RSA balance at the end of the Test Period is forecast to be materially inflated, which will negatively impact customers through higher future rate increases.¹¹

⁶ Exhibit B-1, p. 1.

⁷ 2024–2026 RRA Decision, pp. 1–2.

⁸ 2024–2026 RRA Decision, pp. 1–2.

⁹ 2024–2026 RRA Decision, pp. 11–14.

¹⁰ Order G-40-25.

¹¹ Exhibit B-1, pp. 5, 10.

Oakridge Energy submits that reconsideration is warranted under Rules 26.05 (b), (c), (d) and (e) in that there were material facts not placed in evidence and not discoverable by reasonable diligence in the original proceeding, there are new facts and material changes in circumstances since the issuance of the 2024–2026 RRA Decision, and there is otherwise just cause.¹²

Oakridge Energy submits that the extent of variances between forecast and actual costs and revenues were becoming apparent to the utility during the 2024–2026 RRA proceeding. However, they were not known to the BCUC when it issued the 2024–2026 RRA Decision because Oakridge Energy did not contemplate that there was a need to provide such an update to the BCUC based on its application proposals.¹³ Oakridge Energy outlines that the 2024–2026 RRA Decision is based on its cost and revenue forecasts as derived from the following assumptions:

- Its first customer is connected in July 2024 and the DES equipment for Phase 1 is fully operational serving all twelve Phase 1 customers by the end of 2024.
- There are no additional customer connections in 2025 or 2026.
- Any variances from forecast in the actual timing of customer connections likely will not be material.¹⁴

However, Oakridge Energy explains that the circumstances unfolded differently. At the end of 2024, only two of twelve Phase 1 customers were connected, the DES was supplying only a limited amount of heating energy for construction purposes during work hours, and a number of major pieces of DES equipment were not in service.¹⁵ Oakridge Energy asserts that the Developer did not confirm any delays until actual customer connection dates came and went and the customer was not ready to take service. The Developer has been reluctant to provide Oakridge Energy any updated connection dates because they have refused to accept all of the construction delays on the overall Oakridge Energy Centre Redevelopment site.¹⁶

Based on an approved forecast which did not materialize, Oakridge Energy submits that the consequence of the RSA methodology approved in the 2024–2026 RRA Decision is a cumulative RSA balance that is approximately \$4.1 million higher than it would be under the RSA methodology proposed in the Reconsideration Application, which uses Oakridge Energy’s actual results.¹⁷ This difference is set out in Table 1 below.

Table 1: Difference in RSA Additions (Heating and Cooling Portions Combined)¹⁸

Year	2024	2025	2026	2024–2026 Cumulative
RSA Additions –2024–2026 RRA Decision (A)	\$3,564,197	\$2,531,439	\$2,319,029	\$8,414,664
RSA Additions – Reconsideration Application ¹⁹ (B)	\$1,580,991	(\$454,299)	\$3,162,418	\$4,289,110
RSA Additions – Difference (A-B)	\$2,073,206	\$2,985,738	(\$843,389)	\$4,125,554

¹² Exhibit B-1, pp. 8–9.

¹³ Exhibit B-1, pp. 4, 9.

¹⁴ Exhibit B-1, p. 4.

¹⁵ Oakridge Energy Final Argument, p. 5.

¹⁶ Exhibit B-3-1, p. 10.

¹⁷ Oakridge Energy Final Argument, p. 6.

¹⁸ Exhibit B-3-1, Appendix C: Response to Requirement #6, Sections A and B, Lines 29.

¹⁹ The RSA additions for 2024 reflect Oakridge Energy’s 2024 actual revenues and costs, and the RSA additions for 2025 incorporate 3 months of actual revenues and costs and the remaining months are based on the expected forecast revenues and costs (Exhibit B-3-1, Response to Requirement #6, p. 20).

Oakridge Energy states that the total difference of \$4.1 million is a permanent difference that would need to be recovered from customers in the future through rates.²⁰ Oakridge Energy submits that the total difference in Table 1 is “very substantial and highly unfavourable” from the customer’s perspective.²¹ Additionally, from the shareholder’s perspective, Oakridge Energy states that the difference would lead to an effective ROE of 54.55 percent for 2024 actual and 17.36 percent for 2025 actual/forecast, which are more than its allowed ROE of 10.40 percent. Oakridge Energy argues that these levels of effective returns are beyond normal utility financial results and introduce significant volatility on the achieved ROE, which is an additional business risk not contemplated in the BCUC’s Generic Cost of Capital Stage 2 decision.²²

The remedy sought by Oakridge Energy is for Directive 8 of Order G-342-24 issued with the 2024–2026 RRA Decision to be rescinded and Directive 2 to be amended, as follows, to allow the RSA to largely capture the difference in its actual results from forecast:²³

2. Oakridge Energy is directed to establish a non-rate base Revenue Stabilization Account (RSA), attracting interest at Oakridge Energy’s weighted average cost of capital (WACC), to capture the difference between the actual delivery revenues and the allowed delivery cost of service. The total allowed delivery cost of service is the sum of: (i) actual non-controllable delivery costs; (ii) actual O&M costs excluding external regulatory costs which are held at approved test year amounts; and (iii) the approved test year amounts for property taxes.

For clarity, Oakridge Energy states that the “non-controllable delivery costs” referenced in item (i) above include land lease costs, fees and levies, depreciation, amortization, income tax, deemed interest on debt, and ROE. For item (ii), Oakridge Energy notes that the proposed wording above “carves-out” the external regulatory costs component of its O&M costs from the RSA because that cost has separate approved deferral account treatment.²⁴

Oakridge Energy submits that the RSA methodology it proposes in the Reconsideration Application takes into account the material impact that customer connection delays have had and will continue to have on its costs until the build-out of the Oakridge Energy Centre Redevelopment is complete. For example, divergences from forecast in customer connections significantly affected its 2024 and 2025 actual results. As such, Oakridge Energy asserts that holding a small greenfield utility to certain forecast revenue requirements amounts based on forecast customer connection assumptions is not a fair method by which to set rates.²⁵

Due to continuing uncertainty in the build-out of the Oakridge Energy Centre Redevelopment, Oakridge Energy submits that the RSA methodology proposed in the Reconsideration Application should be allowed to continue until at least the completion of Phase 2. The date of completion of Phase 2 is not known at this time, but Oakridge Energy confirms that it commenced billing for both heating and cooling services for all Phase 1 buildings by April 15, 2025. However, many of these buildings are not taking any thermal service since the buildings are not occupied. In Oakridge Energy’s view, it is premature at this time to determine when it is

²⁰ Oakridge Energy explains the permanent difference using a hypothetical scenario with alternative amounts in Exhibit B-3-1, Response to Requirement #5, p. 17, and how customer rates are impacted by the RSA methodology proposed in the Reconsideration Application in Exhibit B-3-1, Response to Requirement #6, pp. 21–23.

²¹ Exhibit B-3-1, pp. 17, 23.

²² Oakridge Energy Final Argument, pp. 11–12.

²³ As amended in Exhibit B-4, BCUC IR 2.4.1 and Exhibit B-3-1, p. 28; Oakridge Energy Final Argument, pp. 10, 12. In the Reconsideration Application, Oakridge Energy had originally asked for Directive 8 of Order G-342-24 to be amended with alternative language.

²⁴ Exhibit B-4, BCUC IR 2.4.1.

²⁵ Oakridge Energy Final Argument, p. 9; Exhibit B-3-1, pp. 29–30; Exhibit B-4, BCUC IRs 3.1.1, 3.2.

appropriate for the RSA to be used only for rate levelization purposes, because it depends on when Oakridge Energy's forecast revenue requirements become more predictable. Rather, this question should be considered if, and when, build-out reaches completion.²⁶

3.0 Panel Determination

For the reasons below, the Panel finds that there is just cause for reconsideration of the 2024–2026 RRA Decision. The Reconsideration Application indicates that the RSA balance at the end of the Test Period will be materially inflated given the current approvals pursuant to Order G-342-24, primarily due to delays that have occurred in customer connections and the DES equipment for Phase 1 becoming fully operational. The Panel considers the impact on the RSA balance to be a significant negative consequence of the RSA methodology approved in the 2024–2026 RRA Decision, and notes that the extent of customer connection delays was not in evidence in the original proceeding.

The Panel observes that the RSA balance at the end of the Test Period is expected to be approximately \$4.1 million higher using the RSA methodology approved in the 2024–2026 RRA Decision, as compared to the RSA methodology proposed in the Reconsideration Application. This amount is significant, especially when compared to Oakridge Energy's total annual capacity charge revenue requirements of approximately \$17.8 million.²⁷ The \$4.1 million also includes significant, additional ROE to the account of the shareholder, which the Panel finds to be beyond normal expected financial performance. Therefore, the Panel is persuaded in the circumstances that it would not be reasonable to hold Oakridge Energy's customers and shareholders to the approved annual RSA additions of the 2024–2026 RRA Decision.

The Panel notes that many of the Phase 1 buildings are currently not taking any thermal service since the buildings are not occupied, and that communication with the Developer is not particularly forthcoming. The Panel finds that the known delays to date in customer connections and the DES equipment for Phase 1 becoming fully operational, and the continuing uncertainty as to when Phase 1 buildings will be occupied and commence taking thermal energy service, has impacted and will continue to impact Oakridge Energy's ability to forecast its revenues requirements with reasonable accuracy. For this reason, the Panel is satisfied that variance treatment through the RSA for the utility's revenue requirements, being the variances between its forecast and actual costs and revenues except for external regulatory costs and property taxes which have separate deferral accounts, is warranted.

The Panel does not agree, however, with the proposed length of time that the RSA methodology proposed by Oakridge Energy should be allowed to continue. As noted above, there is continuing uncertainty regarding the build-out of the Oakridge Centre Redevelopment, including with respect to the occupancy of the Phase 1 buildings. However, the Panel considers that the circumstances may change by the end of 2026. Accordingly, the appropriate RSA methodology beyond the Test Period would be better left for consideration at a later time, and the Panels considers that the methodology to calculate the RSA additions should only be approved to December 31, 2026. Oakridge Energy is expected to apply for new approvals regarding the RSA methodology as required for the period following the current Test Period, i.e., effective January 1, 2027.

For the foregoing reasons, **the Panel rescinds Directive 8 of Order G-342-24 and varies Directive 2 of Order G-342-24 to read as follows:**

Oakridge Energy is directed to establish a non-rate base Revenue Stabilization Account (RSA), attracting interest at Oakridge Energy's weighted average cost of capital (WACC), to capture the difference between the actual delivery revenues and the total allowed delivery cost of

²⁶ Exhibit B-4, BCUC IR 4.1.1; Oakridge Energy Final Argument, pp. 7, 13.

²⁷ Oakridge Energy Compliance Filing for Order G-342-24, Exhibit B-1, p. 12, Table.

service for the period from July 1, 2024, to December 31, 2026. The total allowed delivery cost of service is the sum of: (i) actual non-controllable delivery costs; (ii) actual O&M costs excluding external regulatory costs which are held at approved test year amounts; and (iii) approved test year amounts for property taxes.

DATED at the City of Vancouver, in the Province of British Columbia, this 31st day of July 2025.

Electronically signed by Tom Loski

T. A. Loski
Commissioner