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ORDER NUMBER
G-199-25A

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

and

Creative Energy Vancouver Platforms Inc.
2025 Core Steam Revenue Requirements

BEFORE:
E. A. Brown, Panel Chair
A. C. Dennier, Commissioner
B. A. Magnan, Commissioner

on September 5, 2025

ORDER

WHEREAS:

A. On December 18, 2024, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) its 2025 Revenue Requirements Application (RRA) for the Core thermal energy system (TES) (Application), which includes the steam distribution network and the Northeast False Creek (NEFC) and Butterfly Development hot water distribution networks. As part of the Application, Creative Energy requested, among other things, interim and permanent approval of thermal energy service rates, equivalent to an average rate of $14.08 per thousand pounds of steam (M#), and the revised system contribution charge of $10.99 per megawatt hour (MWh) for customers connected to the NEFC hot water distribution network, as set forth in Appendix B to the Application, effective January 1, 2025;

B. By Order G-343-24 dated December 17, 2024 the BCUC approved the amended terms of service and rates for each of the three premises connected to the Butterfly Development hot water distribution network on an interim and refundable/recoverable basis, effective November 1, 2024. This includes:

   (i) Fixed connection charges of $514,960 and $96,420 for the two premises owned by the First Baptist Church of Vancouver; and

   (ii) A monthly connection charge of $9,516 for the premises owned by Nelson Burrard Holdings Inc.;

   Order G-343-24 also directed Creative Energy to apply for permanent approval of the rates and terms of service for the Butterfly Development as part of its 2025 RRA for the Core TES;

C. By Order G-11-25 dated January 23, 2025, the BCUC approved the proposed thermal energy service rates for Core TES customers, and the applicable system contribution charges for customers connected to the NEFC and Butterfly Development hot water distribution networks, as set forth in Appendix B to the Application, on an interim and refundable/recoverable basis, effective January 1, 2025;

D. On January 27, 2025, Creative Energy filed an evidentiary update with certain amendments to its 2025 revenue requirements and rates (Evidentiary Update), resulting in a revised request for permanent approval of an average thermal energy service rate equivalent to $13.84/M#;

E. The Evidentiary Update also included a request for approval of a proposed Revenue Variance Deferral Account (RVDA) rate rider to recover the 2024 year-end RVDA balance. The BCUC had previously approved the establishment of the RVDA, which recorded the difference between (i) the 2024 interim average thermal energy service rate of $12.58/M#, approved by Order G-13-24 and made permanent in 2024 by Order G-321-24 and (ii) the revised 2024 rates of $14.46/M# that reflect the directives and determinations outlined in the decisions for the Creative Energy 2024 Revenue Requirements for the Core TES and Stage 2 of the BCUC Generic Cost of Capital proceedings. By Order G-23-25 dated February 5, 2025, the BCUC approved Creative Energy to establish the RVDA rate rider, to be applied over a 24-month period, effective January 1, 2025, set at the following amounts:

(i) $0.88/M# for customers connected to the Core steam distribution network on a permanent basis;

(ii) $2.54/MWh for customers connected to the NEFC hot water distribution network on a permanent basis; and

(iii) $2.54/MWh for customers connected to the Butterfly Development hot water distribution network on an interim basis;

F. On February 6, 2025, Creative Energy filed responses to the supplemental information requested in Order G-11-25, including its request for permanent approval of the rates and terms of service for the Butterfly Development hot water distribution network, effective November 1, 2024, and January 1, 2025;

G. By Order G-27-25 dated February 6, 2025, the BCUC approved Creative Energy to charge customers of the Butterfly Development the same fuel cost adjustment charge (FCAC) and FCAC rate rider as those approved from time to time for the NEFC hot water distribution network, on an interim and refundable/recoverable basis, effective November 1, 2024;

H. By Orders G-11-25 and G-91-25, dated January 23 and April 7, 2025, respectively, the BCUC established regulatory timetables for the review of the Application, which included public notice, intervener registration, one round of BCUC and intervener information requests (IR), one round of Panel IRs, and final and reply arguments;

I. By Order G-189-25 dated July 31, 2025, the BCUC approved a revised FCAC and FCAC rate rider for customers of the Core TES on an interim and refundable or recoverable basis, effective August 1, 2025;

J. Creative Energy requests that the Excel workbook supporting the pricing calculations for the Butterfly Development extension test, filed as Exhibit B-3-1, as well as the unredacted responses to BCUC IRs (Exhibit B-9-1) be held confidential. Redacted versions of these BCUC IR responses, filed as Exhibit B-9, are publicly available;

K. The BCUC has considered the Application, evidence, and submissions of the parties and makes the following determinations; and

L. On August 13, 2025, the BCUC issued Order G-199-25. The present Order G-199-25A is being issued to correct a typographical error in the fixed monthly charge for Nelson Burrard Holdings Inc., Residential Tower set out in Section 4.1.1 and Appendix C of the decision accompanying Order G-199-25, and replaces Order G-199-25.

NOW THEREFORE pursuant to sections 58 to 61 of the *Utilities Commission Act* and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. Creative Energy is approved to charge customers connected to the Core TES the thermal energy service rates as set forth in Appendix B to the Evidentiary Update, on a permanent basis, effective January 1, 2025, subject to the directives and determinations outlined in this order and the accompanying decision.

2. Creative Energy is approved to charge customers connected to the NEFC hot water distribution network, a system contribution charge of $10.99/MWh of thermal energy, on a permanent basis, effective January 1, 2025.

3. The amended terms of service for each of the three premises connected to the Butterfly Development hot water distribution network, including the contribution charges, are approved on a permanent basis, effective November 1, 2024.

4. Creative Energy is approved, effective November 1, 2024, to set the thermal energy service rates, FCAC and FCAC rate rider, and RVDA rate rider for the Butterfly Development hot water distribution network at the same rates as those approved, from time to time, for the NEFC hot water distribution network on an ongoing basis.

5. For customers connected to the Butterfly Development hot water distribution network, Creative Energy is approved to charge the following rates on a permanent basis:

   (i) The same 2024 thermal energy service rates as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to December 31, 2024;

   (ii) The same FCAC and FCAC rate rider as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to July 31, 2025; and

   (iii) The RVDA rate rider at the same rate approved to charge customers of the NEFC hot water distribution network, set at $2.54/MWh for a period of 24 months and effective January 1, 2025.

6. Creative Energy is approved to use the proposed 2025 debt rate of 5.31 percent.

7. Creative Energy is directed to re-calculate its revenue requirements and rates for the Core TES, including the NEFC and Butterfly Development hot water distribution networks, effective January 1, 2025, subject to the adjustments resulting from the directives and determinations contained in this order and the accompanying decision, and to file revised financial schedules and revised tariff pages with the BCUC for endorsement within 45 days of the date of this order.

8. Creative Energy is directed to refund to or recover from ratepayers, the difference between the interim and permanent thermal energy service rates with interest at Creative Energy’s weighted average cost of debt in the next billing cycle following the BCUC’s acceptance of the final compliance filing filed in accordance with Directive 7 of this order.

9. Creative Energy is approved to fully amortize the Managed Security Operations Center deferral account in 2025 and close this deferral account, effective December 31, 2025.

10. The Excel workbook supporting the pricing calculations for the Butterfly Development extension test in Exhibit B-3-1, along with the unredacted information in Exhibit B-9-1 will be kept confidential unless otherwise ordered by the BCUC.

11. Creative Energy is directed to comply with all other directives and determinations outlined in the decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of September 2025.

BY ORDER

Electronically signed by Elizabeth A. (Lisa) Brown

E. A. Brown
Commissioner

Creative Energy Vancouver Platforms Inc.
2025 Core Steam Revenue Requirements

DECISION

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Executive Summary

On December 18, 2024, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed its 2025 Revenue Requirements Application (RRA) for the Core thermal energy system (TES) with the British Columbia Utilities Commission (BCUC), pursuant to sections 58 to 60 and 90 of the *Utilities Commission Act* (Application). The Application seeks approval of permanent thermal energy service rates and other related charges, effective January 1, 2025.

Creative Energy owns and operates several TESs, with the Core TES being the largest. The Core TES includes the steam production plant at 720 Beatty Street and its associated steam distribution network, which serve more than 208 connected buildings in downtown Vancouver, as well as four buildings connected to the Northeast False Creek (NEFC) hot water distribution network and three premises recently connected to the Butterfly Development hot water distribution network.

Creative Energy seeks approval of an average thermal energy service rate equivalent to $13.84 per thousand pounds of steam (M#) for customers connected to the Core TES, and a system contribution charge of $10.99 per megawatt hour (MWh) of thermal energy only for customers connected to the NEFC hot water distribution network. The Application also includes a request for permanent approval of applicable rates and amended terms of service for the Butterfly Development hot water distribution network, previously approved on an interim basis as part of a separate proceeding.

Following its review, the Panel approves the following rates on a permanent basis:

(a) The thermal energy service rates as set forth in Appendix B to the evidentiary update of the Application for customers connected to the Core TES, effective January 1, 2025, subject to the directives and determinations set out in this decision and the accompanying order;

(b) A system contribution charge of $10.99/MWh for customers connected to the NEFC hot water distribution network, effective January 1, 2025; and

(c) For the Butterfly Development hot water distribution network:

- (i) Amended terms of service for each of the three premises, including the system contribution charges, effective November 1, 2024;
- (ii) The same 2024 thermal energy service rates as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to December 31, 2024. For clarity, the permanent thermal energy service rates approved effective January 1, 2025 are addressed by Directive 1 of the order accompanying this decision;
- (iii) The same Fuel Cost Adjustment Charge (FCAC) and FCAC rate rider as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to July 31, 2025. For clarity, the interim FCAC and FCAC rate rider approved effective August 1, 2025 are addressed by Order G-189-25; and
- (iv) The Revenue Variance Deferral Account rate rider at the same rate approved to charge customers of the NEFC hot water distribution network, set at $2.54/MWh for a period of 24 months and effective January 1, 2025.

The Panel finds Creative Energy's revised load forecasting methodology represents an improvement over the methodology used in the 2024 Revenue Requirements for the Core TES and the resulting 2025 load forecast of 1,115,063 M# is reasonable for setting rates.

The Panel accepts Creative Energy's 2025 revenue requirements, subject to various adjustments including the disallowance of the full forecast costs associated with the newly proposed General Manager position and the prorated recovery of Wages and Benefits for two unfilled positions. To facilitate future BCUC reviews of Wages and Benefits, Creative Energy is directed to file a complete long-term workforce strategy in its next RRA.

Regarding deferral accounts, the Panel approves the establishment of a new Low-Carbon Rate Design Deferral Account but limits recoverable third-party consulting costs to $350,000 due to a lack of cost benchmarking, competitive procurement, and justification of the costs in light of Creative Energy's size. In addition, the Panel approves a separate Long-Term Resource Plan (LTRP) Deferral Account to isolate LTRP third-party consulting costs.

The Panel finds that the system contributions for the Butterfly Development were reasonably determined and that Creative Energy's methodology for allocating those contributions among the three connected premises is appropriate.

The Panel acknowledges concerns raised by parties during the proceeding regarding the growth in operations and maintenance expenses, particularly Wages and Benefits, in the context of limited growth and organizational complexity. The Panel stresses the importance of demonstrating cost containment efforts in future applications including tighter control of Wages and Benefits costs, continued use of competitive sourcing, and prioritization of essential expenditures.

1.0 Introduction

On December 18, 2024, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) its 2025 Revenue Requirements Application (RRA), pursuant to sections 58 to 60 and 90 of the *Utilities Commission Act,* for the thermal energy system (TES) serving downtown Vancouver, Northeast False Creek (NEFC), and the Butterfly Development (collectively, the Core TES) (Application).[1]

Creative Energy owns and operates a steam production plant and associated steam distribution network (Core Steam), serving over 208 customers in downtown Vancouver. The steam production plant also serves four buildings connected to the NEFC hot water distribution network and three premises recently connected to the Butterfly Development hot water distribution network. Together, the steam production plant, steam distribution network, and the NEFC and Butterfly Development hot water distribution networks comprise the Core TES.[2]

This decision sets out the key issues to be decided in this proceeding and presents the Panel's final determinations on the Core TES rates.

1.1 Application and Regulatory Process

Creative Energy seeks approval of the following items:[3]

1. Permanent approval, effective January 1, 2025, of the thermal energy service rate as set forth in Appendix B to the evidentiary update of the Application (Evidentiary Update), which is equivalent to an average rate of $13.84 per thousand pounds of steam (M#),[4] for customers connected to the Core TES, and a system contribution charge of $10.99 per megawatt hour (MWh) of thermal energy for customers connected to the NEFC hot water distribution network only;

2. Approval of a new load forecast methodology and the 2025 thermal energy load forecast of 1,115,063 M# for the purpose of determining the average thermal energy services rate in the 2025 RRA and for other rate-making purposes as required;

3. Approval to use the proposed 2025 debt rate of 5.31 percent;

4. Approval of the following deferral account requests:

[1] Exhibit B-1, Cover Letter; Section 1.5, p. 6.
[2] Exhibit B-1, Section 1.1, p. 1.
[3] Creative Energy Final Argument, Section 1.2, pp. 5–6.
[4] Exhibit B-5 (Evidentiary Update), Attachment: "2025 Core and NEFC TES RRA Schedules Evidentiary Update Filed", Tab: "Sch 1 RRA".

- Establish a Low-Carbon Rate Design Deferral Account (LRDDA) to record costs associated with the third-party costs for the Low-Carbon Rate Design[5] until such costs can be appropriately recovered from the customers who will benefit from the rate design in the future; and
- Close the Managed Security Operations Centre deferral account once the balance is fully amortized at the end of 2025;

5. Permanent approval of the following for the Butterfly Development:[6]
    - Thermal energy service rates, equal to those of NEFC, for all three premises, effective November 1, 2024;
    - Separate amended terms of service for each of the three premises, effective November 1, 2024 (Amended Terms of Service), including financial contributions in the form of:
        - Fixed connection charges of $514,960 for the First Baptist Church of Vancouver's first premise (the Church and Podium)[7] and $96,420 for its second premise (Rental Residential Building)[8] (collectively, Church and Rental Building); and
        - Fixed monthly connection charge of $9,516 over a 30-year term for the premises owned by Nelson Burrard Holdings Inc. (Residential Tower);[9]
    - The Fuel Cost Adjustment Charge (FCAC) and FCAC rate rider, equal to those of NEFC, including the supporting mechanism, for all three premises, effective November 1, 2024; and
    - A Revenue Variance Deferral Account (RVDA) rate rider of $2.54/MWh to recover part of the 2024 ending balance of the RVDA over a two-year period, effective January 1, 2025.

The regulatory process for the review of the Application included public notice, intervener registration, one round of BCUC and intervener information requests (IRs), one round of Panel IRs, and final and reply arguments.[10]

Four parties registered as interveners in the proceeding:[11]

- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (collectively, BCOAPO);
- The Commercial Energy Consumers Association of BC (the CEC);

[5] Creative Energy is developing a comprehensive low-carbon rate design to help customers meet regulatory requirements for reducing building emissions and achieve their own environmental social and governance goals (Creative Energy Core Steam System Low Carbon Rate Design proceeding; Exhibit B-1, Section 1.1, p.1).
[6] Exhibit B-7, p. 6; Exhibit A-4, Order G-23-25; Creative Energy Butterfly Project Terms of Service and Interim Rates proceeding, Exhibit B-3, p. 5; Creative Energy Butterfly Project Interim Fuel Cost Adjustment Charge Order G-27-25.
[7] Commercial – Church and Podium located at 969 Burrard Street and 1011 Nelson Street in Vancouver, British Columbia (BC) (Exhibit B-7, PDF page 19).
[8] 7-Storey Rental Residential Building located at 1045 Nelson Street, Vancouver, BC (Exhibit B-7, PDF page 43).
[9] 57-Storey Residential Tower located at 1033 Nelson Stret, Vancouver, BC (Exhibit B-7, PDF page 66). Ownership of the Residential Tower was transferred to the building strata on November 28, 2024 (Exhibit B-7, PDF pages 89–90).
[10] Exhibit A-2: Order G-11-25; Exhibit A-4: Order G-23-25; Exhibit A-6: Order G-91-25; Exhibit C1-1; Exhibit C2-1; Exhibit C3-1 and Exhibit C4-1.
[11] Exhibit C1-1; Exhibit C2-1; Exhibit C3-1 and Exhibit C4-1.

- Residential Consumer Intervener Association (RCIA); and
- Wall Centre.

BCOAPO, the CEC and RCIA actively participated in this proceeding. The BCUC did not receive any letters of comment.

1.2 Decision Framework

This decision addresses the approvals sought by Creative Energy in its Application, in addition to key issues raised during the proceeding. Section 2.0 addresses the 2025 forecast load and the corresponding load forecast methodology used to determine the 2025 rates. Section 3.0 addresses the 2025 forecast revenue requirements and thermal energy service rates, in addition to issues associated with several cost categories of the revenue requirement. These cost categories include Operations and Maintenance (O&M), Wages and Benefits, and capital additions, among others. Section 4.0 of this decision addresses other matters, including the rates and terms of service for the Butterfly Development, and the NEFC system contribution charge.

2.0 2025 Load Forecast and Load Forecast Methodology

Creative Energy requests approval of a new load forecast methodology which yields a 2025 load forecast of 1,115,063 M#. The new load forecasting methodology was developed in response to a BCUC direction in the Creative Energy 2024 Revenue Requirements for the Core TES (2024 RRA) Decision. This 2024 RRA direction denied Creative Energy's request to use its proposed revised methodology to derive its load forecasts on an ongoing basis beyond 2024 and directed Creative Energy to submit more information to support its proposed load forecast methodology in its next RRA.[12]

In revising its load forecast methodology, Creative Energy identified three elements to improve: (i) capture of historical consumption across all its customers; (ii) exclusion of disconnected customers from the dataset; and (iii) incorporation of long-term weather patterns to account for both typical and extreme weather patterns.[13]

With these improvements, Creative Energy developed a revised model capable of forecasting monthly steam production using Heating Degree Days (HDD) as the primary input.

Creative Energy found that quadratic relationships exist between monthly HDD values and actual steam consumption.[14] Creative Energy found that these relationships can be expressed through two quadratic equations, one representing the downtown Vancouver steam distribution network (i.e. Core Steam)[15] and the other representing the NEFC[16] hot water distribution network. Taken together the two equations represent Creative Energy's new load forecasting model. In evaluating a load forecast based on the new methodology

[12] Creative Energy 2024 Revenue Requirements for the Core TES (2024 RRA), Decision accompanying Order G-272-24 (2024 RRA Decision), pp. 5–6.
[13] Exhibit B-1, p. 9.
[14] Exhibit B-1, pp. 9–10.
[15] $Monthly\ Thermal\ Energy\ Consumption_{Core}(M\#) = 0.3298 \times HDD_{monthly}^2 + 150.44 \times HDD_{monthly} + 32683$; Exhibit B-1, Appendix H, p. 2.
[16] $Monthly\ Thermal\ Energy\ Consumption_{NEFC}(M\#) = 0.0129 \times HDD_{monthly}^2 + 14.713 \times HDD_{monthly} + 1524.5$; Exhibit B-1, Appendix H, p. 2.

against historical steam consumption data between 2019 and 2024,[17] Creative Energy found that the new model could explain 98 percent of the variance in steam consumption, with predictions consistently falling within a 95 percent confidence interval,[18] with an average error of only 0.9 percent.[19]

To determine the 2025 load forecast for the Core Steam and NEFC distribution networks, Creative Energy applied the HDD values from the 2005/2006 heating year, as it produces an annual load forecast closest to the median in a 50-year historical HDD dataset for downtown Vancouver. This resulted in a combined load forecast of 1,106,786 M# for 2025.[20] Creative Energy submits that while it recognizes that climate change may impact weather patterns, its use of a 50-year dataset was more appropriate than a potentially shorter period, as a 50-year period provides superior statistical robustness while still maintaining relevance to the current conditions.[21]

For the Butterfly Development, which began receiving service in August 2024, Creative Energy proposes to include the full 2025 forecast load for the Church and Rental Building, since they are fully occupied in 2025, but only 50 percent of the forecast load for the Residential Tower, as it has only begun taking occupancy. This approach results in a 2025 load forecast of 8,277 M# for the Butterfly Development.[22]

Accordingly, Creative Energy forecasts the total 2025 load of the Core TES (including the Core Steam, NEFC and Butterfly Development distribution networks) to be 1,115,063 M#. This is an increase from Creative Energy's 2024 approved load forecast of 1,077,614 M# and a 2024 actual load of 1,041,038 M# for the Core Steam and NEFC distribution networks (noting these 2024 loads exclude the Butterfly Development).[23]

Positions of Parties

BCOAPO supports approval of Creative Energy's new load forecasting methodology,[24] but remains uncertain as to whether the proposed load forecast will materialize.[25]

The CEC cites a declining trend of HDD values over the past decade when compared to earlier decades, and submits that the use of regression modelling on the full 50-year HDD dataset likely results in over-forecasting.[26] Additionally, the CEC contends the new model is not predictive, as Creative Energy's response to CEC IR 1.1.1 shows that the modelled load exceeded actual load in four of the last five years.[27] The CEC calculates an average over-forecasting bias of 1.6 percent over this period and recommends a downward adjustment to the 2025 load forecast by the same percentage (1.6 percent or 17,841 M#).[28]

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[17] Exhibit B-1, pp. 9–11.
[18] Exhibit B-1, pp. 9–11.
[19] Exhibit B-1, Appendix G, p. 7.
[20] Exhibit B-1, p. 11.
[21] Exhibit B-9, BCUC IR 4.4.
[22] Exhibit B-1, pp. 11–12; Butterfly Project Terms of Service and Interim Rates proceeding, Exhibit B-3, Response to Supplemental Information Request 4.
[23] Exhibit B-1, p. 12; Exhibit B-7, p. 2.
[24] BCOAPO Final Argument, p. 3.
[25] BCOAPO Final Argument, p. 6.
[26] The CEC Final Argument, p. 7.
[27] Exhibit B-11, CEC IR 1.1.1.
[28] The CEC Final Argument pp. 7–10.

In reply, Creative Energy submits that although actual consumption was below forecast in some years, these variations are not evidence of a bias. Creative Energy submits that the BCUC should approve both the methodology and the 2025 load forecast as filed.[29]

Panel Determination

The Panel finds that Creative Energy's revised load forecast methodology presented in the Application represents a marked improvement over the methodology used in the 2024 RRA. Creative Energy has provided sufficient analysis to support its revised methodology for the Core Steam and NEFC distribution networks and has demonstrated that the model reliably forecasts load within a 95 percent confidence interval. **The Panel finds that the revised load forecast methodology suitably addresses the concerns raised in the 2024 RRA Decision and Creative Energy has fulfilled the previously issued directive on load forecast methodology from the 2024 RRA Decision.**

The Panel does not agree with the CEC's conclusion that Creative Energy's new model is decidedly biased toward over-forecasting. The Panel considers that the use of a 50-year period provides a reasonable balance between the need to capture a sufficiently large sample of rare weather events and climate cycles while also remaining relevant to current conditions. Further, the Panel notes that variances between load forecasts and actuals will be captured in the Load Variance Deferral Account, keeping customers whole.

The Panel finds that the revised load forecast methodology is suitable for the Core TES rate setting, including setting 2025 rates. However, the Panel expects that Creative Energy will re-evaluate its load forecast methodology should the model's error rate begin to climb or if evidence emerges that the revised methodology has an over-forecasting bias, irrespective of a 95 percent confidence interval. The Panel also expects that, when Creative Energy next revisits their load forecast methodology, the revised methodology should include the Butterfly Development's historical steam consumption, if sufficient data is available.

Based on the revised load forecast methodology, **the Panel finds that the thermal energy load forecast of 1,115,063 M# is reasonable for the purpose of setting 2025 rates.**

The Panel directs Creative Energy to provide in its next RRA, a comparison between the forecast and actual loads for the Core TES for the previous test year, including an explanation of any significant variances. The Panel also directs Creative Energy to provide in its next RRA, the model's error rate between forecast and actual loads over the 2025 period and an analysis of whether the model's forecast loads continue to fall within the 95 percent confidence interval on a five-year trailing basis.

3.0 2025 Revenue Requirements and Rates

Creative Energy proposes a 2025 average thermal energy service rate equivalent to $13.84/M#,[30] which is a 4.3 percent rate decrease compared to 2024.[31] This rate is based on forecast revenue requirements of $15,431,015

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[29] Creative Energy Reply Argument, pp. 4–5.
[30] Exhibit B-5 (Evidentiary Update), Attachment: "2025 Core and NEFC TES RRA Schedules_Evidentiary Update_Filed", Tab: "Sch 1 RRA".
[31] Order G-321-24 with accompanying decision approved the 2024 interim rate of $12.58/M# as permanent. However, had the 2024 rate incorporated the directives and determinations from the 2024 RRA Decision alongside the updated cost of

and a load forecast of 1,115,063 M#. The load forecast is addressed in Section 2.0 of this decision, and this section speaks to the 2025 revenue requirements and rates.

Table 1 summarizes Creative Energy's revenue requirements components, with the 2025 forecast revenue requirements being $149,196 less than that approved for 2024.

Table 1: 2024 Approved and Actual and 2025 Forecast Revenue Requirement[32]

Revenue Requirements Summary	2024	2025	Difference From
Cost or Rate Component	**Approved**	**Forecast**	**2024 Approved**
O&M – Total	8,030,693	9,268,903	1,238,210
Wages and Benefits (Steam, Distribution & Management)	4,801,509	5,402,086	600,577
Information Technology Services	502,276	608,346	106,071
Water-related and Electricity Expenses	1,096,816	1,196,076	99,260
Maintenance and related Functional Operations	708,937	823,567	114,630
Special Services (Regulatory, Audit, Legal, Consultant)	342,173	616,409	274,236
Other General & Administration & Sales Expense	578,982	622,418	43,436
Municipal Access Fee	368,426	376,825	8,399
Property Taxes	885,594	871,200	(14,394)
Income Taxes	208,300	340,800	132,500
Depreciation	1,252,949	1,360,578	107,629
Interest Expense (deemed)	1,298,000	985,000	(313,000)
Return on Equity (deemed)	1,790,000	2,009,000	219,000
Total Return on Rate Base	3,088,000	2,994,000	(94,000)
Subtotal	13,833,963	15,212,306	1,378,343
Amortization of deferral accounts in rates	1,746,248	218,709	(1,527,539)
Revenue Requirements	15,580,211	15,431,015	(149,196)
Load M#	1,077,614	1,115,063	37,449
Average Steam Rate $/M# (before amortization of deferral accounts)	12.84	13.64	0.80
Average Steam Rate $/M# (after amortization of deferral accounts)[31]	14.46	13.84	(0.62)
Average Steam Rate % increase (before amortization of deferral accounts)	0.0%	6.3%	
Average Steam Rate % increase (after amortization of deferral accounts)	35.7%	-4.3%	

capital from the Stage 2 of the BCUC Generic Cost of Capital proceeding, the resulting rate would have been $14.46/M#. This is the basis for Creative Energy's reference to a rate decrease in the Application, even though, from the customer's perspective, rates are not decreasing relative to the 2024 permanent rate. (Decision and Order G-321-24, Section 5.1, p. 96; Orders G-13-24 and G-272-24; Creative Energy compliance filing for Orders G-272-24 and G-321-24 dated December 6, 2024).

[32] Table compiled based on values taken from Exhibit B-10, BCOAPO IR 1.1.

This 2025 rate decrease is primarily due to a decrease in the amortization of deferral accounts from $1.7 million in 2024 to $0.2 million in the 2025 forecast.[33] This is partially offset by an increase in certain O&M cost categories.[34]

During the proceeding, Creative Energy proposed adjustments to the revenue requirements in response to BCUC IRs 6.2, 10.1 and 11.4. Specifically, these adjustments relate to:[35]

- Extended Health Benefit costs (Accounts 500, 870 and 926): reduce by $10,100 for steam production labour and benefits, by $6,800 for distribution labour and benefits, and by $9,900 for management labour and benefits to reflect January 2025 actuals;[36]
- Maintenance of General Plant (Account 932): reduce the forecast from $59,500 to $49,000 to reflect a change in cleaning provider and the removal of one-time 2024 expenses;[37] and
- Administrative and General costs (Account 922): reduce the forecast from $47,881 to $25,286 due to cost reallocation to non-regulated activities.[38]

Position of the Parties

While no parties raised concerns regarding the overall revenue requirements or proposed rates, certain issues related to individual cost categories were raised and are discussed in the subsequent sections of this decision.

Overall Panel Determination

The Panel finds the forecast 2025 revenue requirements, subject to the adjustments directed in this decision, to be reasonable for the purposes of setting 2025 rates. With the exception of the items discussed further in this section, the 2025 revenue requirements reflect a reasonable forecast of costs to provide safe and reliable service and are supported by the evidence on the record in this proceeding. **The Panel has also reviewed and approves the adjustments proposed by Creative Energy in response to BCUC IRs 6.2, 10.1 and 11.4, which relate to Extended Health Benefit costs, Maintenance of General Plant costs, and Administrative and General costs. Creative Energy is directed to update its financial schedules and rates to reflect these adjustments in its final compliance filing.**

The 2025 thermal energy service rates are based on the forecast 2025 revenue requirements and load forecast. Accordingly, and considering the Panel determinations regarding the reasonableness of the 2025 revenue requirements and load forecast, **the Panel approves the thermal energy service rates as set forth in Appendix B to the Evidentiary Update for customers connected to the Core TES, on a permanent basis, effective January 1, 2025, subject to the directives and determinations set out in this decision and the accompanying order. Creative Energy is directed to:**

[33] Exhibit B-5 (Evidentiary Update), Attachment: "2025 Core and NEFC TES RRA Schedules_Evidentiary Update_Filed", Tab: "Sch 1 RRA", Excel row 18.
[34] Exhibit B-1, Section 1.1, Table 1, pp. 1–2; Section 4.2.2, pp. 16–17; Section 4.2.5, Table 19, p. 25; Section 4.2.7, p. 27; Section 4.2.9.1, Table 23, p. 28; Exhibit B-10, BCOAPO IR 1.1.
[35] Exhibit B-9, BCUC IR 6.2, 10.1 and 11.4.
[36] Exhibit B-9, BCUC IR 6.2.
[37] Exhibit B-9, BCUC IR 10.1.
[38] Exhibit B-9, BCUC IR 11.4.

- **File with the BCUC, within 45 days of this decision, a final compliance filing that includes revised financial schedules, tariff pages, and rates that reflect the adjustments directed in this decision; and**
- **Refund to or recover from ratepayers the difference between the interim thermal energy service rates collected and the permanent rates, with interest at Creative Energy's weighted average cost of debt, in the next billing cycle following the BCUC's acceptance of the final compliance filing.**

In the following subsections, the Panel addresses issues that arose in relation to the 2025 revenue requirements, including the increase in overall O&M and specific O&M cost categories including Wages and Benefits, Information Technology Services, insurance and third-party consulting costs related to the proposed low-carbon rate design. Outside of O&M, the Panel also examines capital additions and the treatment of the Third-Party Regulatory Cost Deferral Account (TPRCDA).

3.1 Operations and Maintenance

This section addresses issues raised by interveners during the proceeding in relation to the overall increase in O&M costs. Creative Energy forecasts 2025 O&M costs of $9,268,903, which is an increase of $1,238,210 and 15 percent as compared to 2024 approved costs.[39] The primary driver of this increase relates to Wages and Benefits, with additional increases in Information Technology Services, insurance (included in Other General & Administration & Sales Expense), Special Services as well as Maintenance and Related Functional Operations.[40] A breakdown of the 2025 and historical O&M costs by cost component as well as the difference between 2024 (approved) and 2025 (forecast) is provided in the table below.

Table 2: O&M Costs 2023 (Approved), 2024 (Approved) and 2025 (Forecast)[41]

Cost Component	2023 Approved ($)	2024 Approved ($)	2025 Forecast ($)	Difference ($) 2024 Approved and 2025 Forecast	Difference (%) 2024 Approved and 2025 Forecast[42]
Wages and Benefits (Steam, Distribution and Management)	4,396,245	4,801,509	5,402,086	600,577	13
Information Technology Services	338,343	502,276	608,346	106,070	21
Water and Electricity Expenses	1,145,132	1,096,816	1,196,076	99,260	9
Maintenance and Related Functional Operations	649,602	708,937	823,567	114,630	16
Special Services (Regulatory, Audit, Legal, Consultant)	509,714	342,173	616,409	274,236	80
Other General & Administration & Sales Expense	440,287	578,982	622,418	43,436	8
Total[43]	**7,479,324**	**8,030,693**	**9,268,903**	**1,238,210**	**15**

[39] Exhibit B-5 (Evidentiary Update), Attachment: "2025 Core and NEFC TES RRA Schedules_Evidentiary Update_Filed", Tab: "Sch 1 RRA".
[40] Exhibit B-1, Section 4.2.2, pp. 16–17; Section 4.2.5, Table 19, p. 25; Section 4.2.7, p. 27; Section 4.2.9.1, Table 23, p. 28.
[41] Exhibit B-10, BCOAPO IR 1.1; Creative Energy 2024 RRA proceeding, Exhibit B-5, BCUC IR 1.1.
[42] Difference (%) was calculated by BCUC staff.
[43] Total BCUC-approved O&M costs for 2020 to 2022 are: 5,094,228 (2020); 5,439,641 (2021); 6,308,956 (2022) (Creative Energy 2023 Revenue Requirements for the Core TES (2023 RRA) proceeding, Exhibit B-12, Attachment: "Evidentiary update - 2023 Core and NEFC TES RRA Schedules", Tab: "Schedule 1"; Creative Energy compliance filing for Order G-345-22 dated

Position of the Parties

BCOAPO recommends that increases in O&M expenses be limited to below the rate of inflation, ensuring expenditures are essential, not simply justifiable.[44] It also stresses the need for a top-down review of O&M trends.[45]

RCIA also expresses concern with what it views as continued unsustainable and unjustified growth in Creative Energy's O&M expenses in particular, given a load forecast increase of only three percent.[46] RCIA suggests that Creative Energy be required to demonstrate all measures taken to manage and mitigate cost increases, especially in categories where increases exceed inflation.[47]

The CEC similarly raises concerns about the increase in total O&M costs, particularly considering the relatively flat customer base and limited load growth.[48]

Creative Energy responds that tying O&M cost increases to inflation is not appropriate given the energy transition and the condition of its aging assets and could jeopardize its ability to deliver reliable, safe, and compliant service.[49]

Panel Discussion

The Panel has reviewed the 2025 forecast O&M costs and considers the forecast costs to be reasonable for the purposes of setting 2025 rates, except for certain costs included in Wages and Benefits. The increase in Wages and Benefits contribute the most to the overall increase in O&M costs and are addressed separately below. Other notable areas of increase include Information Technology Services and insurance costs.[50] These components are discussed in more detail in the sections that follow. The Panel notes that although the third-party consulting costs associated with the low-carbon rate design are proposed to be deferred and therefore do not contribute to the increase in forecast O&M costs, they are discussed below as part of O&M because, absent of deferral, they would otherwise be considered O&M costs.

The Panel acknowledges the concerns raised by interveners regarding the magnitude of the increase in O&M costs, particularly in the context of limited load growth and a relatively stable customer base. However, the Panel does not consider it appropriate to limit future O&M cost increases strictly to inflation. Such an approach may not adequately reflect utility-specific cost pressures, especially with the need to manage aging infrastructure. Inflation indices may also fail to capture sector-specific cost volatility. Rather than imposing a limit, the Panel finds that Creative Energy should focus on cost-containment efforts such as tighter control of Wages and Benefits costs, continued use of competitive sourcing, and prioritization of essential expenditures in future applications.

January 12, 2023, Attachment: "Compliance Filing - 2022 Core RRA Schedules",Tab: "Sch 1 RRA"; Creative Energy 2021 Revenue Requirements for the Core Steam System (2021 RRA) proceeding, Exhibit B-1, Section 1.1, Table 1, p. 5.

[44] BCOAPO Final Argument, Section 3.0, pp. 3 and 9.

[45] BCOAPO Final Argument, Section 6.0, p. 9.

[46] RCIA Final Argument, Section 3, p. 7; Section 4, p. 12.

[47] RCIA Final Argument, Section 4, p. 12.

[48] The CEC Final Argument, Section V, p. 11.

[49] Creative Energy Reply, Section 2.2.1, p. 6.

[50] Insurance costs are included within Other General & Administrative & Sales Expenses.

3.1.1 Wages and Benefits

The Core TES is supported by operations staff, in addition to management staff that allocate their time to various Creative Energy TES, including the Core TES.[51] Table 3 summarizes Wages and Benefits for the 2025 forecast and the 2020 to 2024 approved costs:

Table 3: Wages and Benefits 2020 to 2024 (Approved) and 2025 (Forecast) with 2024 and 2025 Differences[52]

	2020 Approved ($)[53]	2021 Approved ($)	2022 Approved ($)	2023 Approved ($)	2024 Approved ($)	2025 Forecast ($)	Difference ($) 2024 Approved and 2025 Forecast[54]	Difference (%) 2024 Approved and 2025 Forecast[54]
Steam Production Supervision and Labour	1,561,685	1,568,932	1,599,122	1,742,515	1,739,960	1,899,098	159,138	9
Distribution Supervision and Labour	662,757	727,253	805,343	876,770	919,892	998,824	78,932	9
Management Labour	656,675	934,636	1,177,931	1,585,210	1,921,704	2,251,779	330,075	17
Management Benefits	85,063	131,057	175,088	191,750	219,954	252,385	32,431	15
Total	**2,966,181**	**3,361,878**	**3,757,484**	**4,396,245**	**4,801,509**	**5,402,086**	**600,577**	**13**

Creative Energy attributes the 2025 increase in Steam Production and Distribution labour costs primarily to the following: (i) a 2.8 percent general salary increase; (ii) higher pension costs from actuarial fees not included in the 2024 forecast; and (iii) increase in benefit rates (Canadian Pension Plan, Employment Insurance, WorkSafe BC, employer health tax and extended health coverage) to reflect actual 2024 amounts.[55]

Creative Energy explains that the forecast increase in Management Labour and Management Benefits costs for 2025 as compared to the 2024 approved costs is due primarily to (i) the full year of costs being included for roles that were approved on a prorated basis in 2024 and (ii) the addition of a proposed new General Manager, Vancouver Thermal Energy System (General Manager) position starting in 2025.[56]

Creative Energy submits that the General Manager role is responsible for overseeing all aspects of the Core TES operations to ensure its long-term financial and operational health and serves as the link between corporate strategy, operational execution, the regulatory environment, and future resources needs. It supports key objectives related to safety, environmental compliance, energy security as well as delivering the Long-Term

[51] Exhibit B-1, Section 4.2.3.1, p. 18.
[52] Exhibit B-1, Section 4.2.3.1, Table 9, p. 18; Exhibit B-9, BCUC IR 6.1; Creative Energy 2021 RRA proceeding, Exhibit B-1, Section 3.1.3.1, Table 12, p. 21; Creative Energy Rates for the Core Steam System and NEFC Service Areas (2022 RRA) proceeding, Exhibit B-1-1, Section 2.1.5.1, Table 8, p. 13; Decision and Order G-345-22A (2022 RRA Decision), Section 4.2.3, p. 41; Creative Energy 2023 RRA proceeding, Exhibit B-1, Section 4.1.3.1, Table 12, p. 29; Decision and Order G-358-23 (2023 RRA Decision), Section 3.2.1.2, p. 25 (the adjustment for the extended health benefits for steam production supervision was not included, and considered immaterial); Creative Energy 2024 RRA proceeding, Exhibit B-1, Section 4.2.3, Table 7, p. 17.
[53] These figures are for the Core steam distribution network only, prior to the consolidation of NEFC.
[54] Difference ($ and %) was calculated by BCUC staff.
[55] Exhibit B-1, Section 4.2.3.1, pp. 19–20; Section 4.2.3.3, p. 21.
[56] Exhibit B-1, Section 4.2.3.4, Table 15, pp. 21–22; Exhibit B-9, BCUC IR 6.1, 6.4 and 6.5. This role was originally proposed as the Director, Long-Term Resource Plan (LTRP), but was broadened into the General Manager role (Exhibit B-9, BCUC IR 6.7).

Resource Plan (LTRP).[57] Creative Energy considers this role essential as it prepares for the Redevelopment and Decarbonization Projects.[58]

Creative Energy notes that this role represents one of approximately five senior full-time equivalents (FTE) allocated to the Core TES, one fewer than would typically be required if the Core TES operated as a standalone utility.[59] Creative Energy adds that the General Manager role forms part of base staffing and is not required in response to load growth, noting that the Core TES has experienced a reduction in load in recent years. Instead, the role is intended to support future long-term growth, which Creative Energy notes cannot occur until the low-carbon energy system is completed.[60]

Creative Energy also notes there have been two vacant positions thus far in 2025:[61]

- Regulatory Affairs Manager: posted January 20, 2025, with an anticipated start date in second quarter 2025, subject to identification of a suitable candidate.
- Lead, Low Carbon Energy Partnerships: posted March 5, 2025, also expected to be filled in second quarter 2025, subject to identifying a suitable candidate.

Creative Energy states that the Regulatory Affairs Manager role is not an incremental hire but replaces the former Director of Regulatory Affairs that left the organization. Oversight of the regulatory team now falls under the Vice President, Legal role, and responsibilities formerly held by the Director are redistributed between the Senior Manager, Regulatory Affairs and the proposed Regulatory Affairs Manager roles.[62] Similarly, Creative Energy explains that the role of Lead, Low Carbon Energy Partnerships is not a new FTE, but is instead a reframing of the Development Engineer role, with a specific focus on advancing low-carbon energy growth opportunities.[63]

To provide context for the 2025 forecast Wages and Benefits costs, prior regulatory direction on Creative Energy's workforce strategy is set out below.

<u>Previous Direction on Workforce Strategy:</u>

In the Creative Energy 2023 Revenue Requirements for the Core TES (2023 RRA) Decision,[64] the BCUC acknowledged that the pace of the energy transition is accelerating and is driving demand for new skills, and accepted this as a key factor behind Creative Energy's forecast wage and benefit increases. However, the BCUC directed Creative Energy to file a long-term workforce strategy as part of its 2025 RRA, aligned with its LTRP and

[57] Exhibit B-9, BCUC IR 6.5 and 6.6. Delivering the LTRP includes regulatory approvals, permitting, stakeholder engagement, project execution and risk management (Exhibit B-9, BCUC IR 6.5 and 6.6).
[58] Exhibit B-13, Panel IR 1.1. For the purpose of this Decision the "Redevelopment Project" refers to the Expo-Beatty Plants Redevelopment Project, for which a Certificate of Public Convenience and Necessity (CPCN) was granted by Order C-1-20 and amended by Order G-360-22; the "Decarbonization Project" refers to the Core Steam System Decarbonization Project, for which a CPCN was granted by Order C-5-22.
[59] Exhibit B-13, Panel IR 1.1.
[60] Exhibit B-9, BCUC IR 6.1.1; Exhibit B-13, Panel IR 1.2.
[61] Exhibit B-10, BCOAPO IR 3.5.
[62] Exhibit B-13, Panel IR 1.4, 1.5 and 1.6.
[63] Exhibit B-13, Panel IR 1.4, 1.5 and 1.7.
[64] Decision and Order G-358-23 dated December 21, 2023 (2023 RRA Decision).

broader goals for the energy transition. Specifically, the BCUC requested Creative Energy to provide details on compensation practices, financial justification, ratepayer benefits, wages and benefits for 2023 to 2025 and onward, and any planned organizational changes, with rationale, timing and costs.[65]

Creative Energy did not include a long-term workforce strategy in its Application. However, it provided information in response to information requests, stating that it follows a flexible workforce planning approach that is responsive to changing market conditions, regulatory decisions, and customer needs.[66] Creative Energy noted that its Management and Professional compensation practices emphasize fiscal responsibility, market competitiveness and performance-based recognition.[67] It added that developing a detailed forward-looking strategy at this time would be premature given ongoing regulatory proceedings, including the Creative Energy 2024 LTRP proceeding, which may influence future staffing needs.[68]

Position of the Parties

BCOAPO notes that Wages and Benefits have increased by 96 percent since 2019, far outpacing inflation and increases in O&M expenditures.[69] It recommends removing $0.2 million from the 2025 revenue requirements related to the two vacant positions.[70] In response, Creative Energy states that these roles are essential for regulatory compliance and future Core TES growth and are expected be filled shortly.[71]

RCIA submits the Core TES has not grown or become materially more complex, asserting that any added complexity is presumably associated with other business areas. As such, it argues that the costs associated with managing this additional complexity should not be borne solely by Core TES customers.[72] It states that Creative Energy has not meaningfully complied with the 2023 RRA directive for a long-term workforce strategy, and without it, staff additions cannot be reasonably assessed.[73] RCIA recommends excluding recovery of any new hires included in the Application and suggests any assertions of increased complexity warrant a review of the cost allocation methodology.[74] In reply to RCIA, Creative Energy maintains that the Core TES has become substantially more complex due to new BCUC cybersecurity requirements, system upgrades, aging infrastructure, and decarbonization efforts.[75] It supports developing a workforce planning strategy in principle but disagrees with RCIA on the timing of this plan. Creative Energy states that it prefers a flexible approach that prioritizes internal resources while engaging external consultants. It further clarifies that staffing levels are not primarily driven by load growth but rather reflect operational needs to prepare for future growth opportunities.[76]

[65] 2023 RRA Decision, Section 3.2.1.2, pp. 25–26.
[66] Exhibit B-12, BCUC IR 20.1.
[67] Exhibit B-12, BCUC IR 20.1.
[68] Exhibit B-13, Panel IR 1.3.
[69] BCOAPO Final Argument, Section 6.0, pp. 6–7.
[70] BCOAPO Final Argument, Section 6.0, p. 9.
[71] Creative Energy Reply, Section 2.2.3.1, p. 7.
[72] RCIA Final Argument, Section 3, p. 8.
[73] RCIA Final Argument, Section 3, pp. 8–9.
[74] RCIA Final Argument, Section 3, p. 9; Section 4, p. 12.
[75] Creative Energy Reply, Section 2.2.3.3, p. 8.
[76] Creative Energy Reply, Section 2.2.3.2, pp. 7–8.

The CEC recommends the BCUC direct Creative Energy to file annual organizational reports, detailing organization charts, headcounts, time/cost allocations by energy system and affiliate, alongside RRAs or as compliance filings.[77] In reply, Creative Energy states that it currently lacks the systems to generate such reports, but is willing to include them in future RRAs once implementations are complete, which will be after the 2026 RRA.[78]

Panel Determination

The Panel notes that Creative Energy's Wages and Benefits costs have been increasing steadily over the past five years. This upward trend continues in 2025, with most of the increase driven by the addition of a new General Manager position.

The Panel shares RCIA's concerns related to the long-term workforce strategy and finds that Creative Energy has not complied with the directive set out in the 2023 RRA Decision. Specifically, the Panel considers it difficult to assess the reasonableness of increases in Wages and Benefits costs, including those related to the new General Manager role, in the absence of such a strategy. Accordingly, **the Panel directs Creative Energy to file a complete long-term workforce strategy in its next RRA containing the content outlined on pages 25 and 26 of the 2023 RRA Decision.** In the absence of a comprehensive long-term workforce strategy, the Panel can not properly justify the recovery of certain increases in Wages and Benefits costs in rates.

The Panel finds that Creative Energy has not sufficiently justified the forecast costs for the General Manager role in the 2025 revenue requirements. Creative Energy points to the strategic importance of this position, particularly its connection to the LTRP and the implementation of the Redevelopment and Decarbonization Projects. However, in the Panel's view, these projects have not changed the underlying operations of the Core TES, as they were approved in 2020 and 2022 but have not yet been commissioned or integrated into the Core TES. Furthermore, the Panel notes that no new projects related to future growth and energy transition have been identified or approved since. Other than the Butterfly Development extension, the Panel notes that the operations of the Core TES remain largely unchanged. In the Panel's view, ratepayers should not be asked to fund the cost of any incremental positions until such time as the need for additional capacity and its benefits to ratepayers are clearly demonstrated in the long-term workforce strategy.

Further, while the aging Core TES infrastructure is noted, this alone does not substantiate the need for an additional senior management position. Creative Energy has not demonstrated that the current management team lacks the capacity to manage the Core TES or respond to safety or reliability risks. Without evidence of a material change in operational complexity or staffing constraints, the Panel is not persuaded that the costs associated with this additional position are justified to be recovered from ratepayers. Accordingly, **the Panel does not approve recovery of the 2025 forecast Wages and Benefits costs for the General Manager position in the 2025 rates**. **The Panel directs Creative Energy to remove the 2025 forecast Wages and Benefits costs associated with the General Manager position from the financial schedules to be filed as part of the final compliance filing and to update the resulting rates and tariff accordingly.**

With respect to the Regulatory Affairs Manager and the Lead, Low Carbon Energy Partnership positions, the Panel finds it inappropriate to recover the full year of wages and benefit costs from ratepayers in 2025 rates, given that these roles were unfilled at the close of evidence for this proceeding in April 2025. Instead, the Panel

[77] The CEC Final Argument, Section V, p. 13.
[78] Creative Energy Reply, Section 2.2.2, pp. 6–7.

considers it reasonable to pro-rate the wages and benefits costs for each position by half a year. However, if either position continues to remain vacant at the time of the final compliance filing for this proceeding, the Panel does not consider it appropriate to recover any associated costs in rates. Accordingly, **the Panel denies recovery of six months of wages and benefits costs for the Regulatory Affairs Manager and the Lead, Low Carbon Energy Partnership positions. Should either role remain vacant at the time of the final compliance filing, Creative Energy is directed to remove the entire 2025 wages and benefits costs associated with the associated position(s) from the 2025 revenue requirements and rates. In either case, Creative Energy is directed to reflect the appropriate adjustments in the financial schedules to be filed as part of the final compliance filing.**

Finally, the Panel notes that both RCIA and the CEC raise concerns regarding the methodology for allocating costs to each of Creative Energy's TESs, including management wages and benefits, as well as the need for additional information on the organizational structure of the Core TES. The Panel does not find it necessary to re-evaluate the cost allocation methodology at this time, noting that the Inter-Affiliate Conduct and Transfer Pricing Policy was reviewed and approved in the 2023 RRA proceeding. While RCIA raised concerns with the allocation of costs, particularly wages and benefits, the Panel finds no material issues with the current allocation methodology have been substantiated on the record in this proceeding. However, the Panel recognizes that additional detail would facilitate transparency in assessing the appropriateness of staffing allocations and improve the efficiency and effectiveness of future reviews. Accordingly, **the Panel directs Creative Energy to include the following information in all future RRAs for all management positions that charge a portion of their time to the Core TES: (i) breakdown of all positions allocated to the Core TES, broken down by business unit; (ii) the percentage of time each position is forecast to spend on Core TES work; and (iii) an explanation of any changes in allocations by business unit compared to the previous RRA and how this change impacts the Core TES.** This information may be incorporated as an extension of the existing management allocation tables or filed as a separate supporting schedule.

3.1.2 Information Technology Services

Creative Energy's Information Technology Services (IT Services) cost category includes costs associated with information technology, information systems, operational technology, and cybersecurity. Creative Energy states that its 2025 forecast reflects a strategy aimed at enhancing operational efficiencies, strengthening proactive cybersecurity measures, and ensuring the delivery of safe and reliable services to customers.[79]

Table 4 below summarizes the forecast 2025 and historical costs for IT Services as presented in the Application.

Table 4: Information Technology Services for 2021 to 2024 (Approved) and 2025 (Forecast)[80]

	2021 Approved ($)	2022 Approved ($)	2023 Approved ($)	2024 Approved ($)	2025 Forecast ($)
General IT: Data Backup and Recovery, System Maintenance, Software Licenses, Cloud Infrastructure, SaaS subscriptions, IT Consulting, IT contractor costs, Peripherals and Accessories, Managed	Breakdown not available	Breakdown not available	Breakdown not available	502,276	427,946

[79] Exhibit B-1, Section 4.2.4.2, p. 23.
[80] Exhibit B-1, Section 4.2.4.2, Table 17, p. 23; Exhibit B-9, BCUC IR 8.1; Exhibit B-10, BCOAPO IR 1.1 and 4.1.

Service Provider, Professional Development, Internet Service Provider					
CyberSecurity: Managed Security Operations Center, Security Tools, Security Audits	Breakdown not available	Breakdown not available	Breakdown not available	0[81]	180,400
Total	**$43,631**	**$211,261**	**$349,143**	**502,276**	**608,346**

Creative Energy's IT Services costs have steadily increased starting in 2022, when it began modernizing its IT systems. This effort continues into 2025, with the forecast also including additional CyberSecurity costs for the implementation of planned projects and the evolution of operational needs to ensure broader system protections.[82]

In 2025, Creative Energy notes that its General IT costs reflect a continued transition from traditional infrastructure to cloud-based solutions and Software-as-a-Service (SaaS) platforms. This transition has led to cost reductions in some areas due to factors such as decreased reliance on Microsoft Azure infrastructure, decommissioning of servers, and discontinuance of legacy software services, in addition to a reduced reliance on external consultants and contractors. However, these reductions are offset by increased costs associated with SaaS projects, the implementation of new platforms such as BambooHR and Sage Intacct, and expanded support and licensing for cloud-based applications.[83]

Position of the Parties

BCOAPO submits that it is unclear which IT expenditures are essential versus discretionary.[84]

Panel Determination

The Panel accepts the forecast 2025 IT Services costs as filed in the Application, acknowledging the broader operational context provided by Creative Energy. The Panel is persuaded that these costs form part of a long-term modernization strategy aimed at improving system resilience, supporting the transitioning to cloud-based infrastructure, and strengthening cybersecurity capabilities.

Notwithstanding the increase in costs over time, the Panel considers it reasonable to expect that these efforts will result in demonstrable value. The Panel understands that two systems are currently running in parallel during this transition phase but anticipates that once this transition to cloud-based software and SaaS platforms is complete, this will no longer be the case and a reduction in associated costs will materialize. **The Panel directs Creative Energy to report on the efficiencies gained from this transition, both quantitative (such as performance metrics or cost savings) and qualitative, in the first RRA filed at least six months following the completion of the transition.** The Panel considers that this reporting would assist in assessing the long-term value and sustainability of current and future IT expenditures.

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[81] In the 2024 RRA proceeding, the BCUC accepted Creative Energy's 2024 forecast IT infrastructure costs excluding $182,044 in Managed Security Operations Center (MSOC) costs, given that Creative Energy had not yet procured an MSOC provider. Creative Energy was directed to establish a deferral account to record the actual 2024 MSOC costs and to provide a breakdown of the recorded amounts in its next RRA, prior to any amortization. Creative Energy reports $59,972 in MOSC costs for 2024 (Exhibit B-9, BCUC IR 8.2; 2024 RRA Decision, Section 3.2, p. 12).

[82] Exhibit B-9, BCUC IR 8.1.1; Exhibit B-10, BCOAPO IR 4.1.

[83] Exhibit B-11, BCUC IR 8.1.1.

[84] BCOAPO Final Argument, Section 6.0, p. 8

The Panel considers that the format and details historically provided in response to IRs, and most recently provided in response to BCUC IRs 8.1 and 8.2, are needed for reviewing the changes in IT spending. Accordingly**, the Panel directs Creative Energy to include in all future RRAs, breakdowns of IT Services costs by cost category (including General IT and CyberSecurity costs) with an explanation of any significant variances between the test year's forecast costs and the prior year's approved and actual costs.**

3.1.3 Insurance Costs

The forecast 2025 revenue requirements include an insurance expense of $338,207, which is an increase of approximately $95,000 or 39 percent as compared to 2024.[85] During the proceeding, Creative Energy revised its forecast to $385,597.[86]

Creative Energy notes that the increase is due to higher insurance premiums, primarily due to two factors: (i) the aging nature of the distribution network and (ii) a recent third-party damage claim. Creative Energy anticipates that insurance premiums will remain elevated for the foreseeable future, potentially over a three- to five-year period.[87]

Creative Energy explains that the third-party claim relates to a 2023 incident in which a failure in one of its underground pipes caused heat damage to British Columbia Hydro and Power Authority (BC Hydro) infrastructure, and contributed to a rise in perceived risk related to the aging distribution network.[88] While the insurance provider did not break down the specific reasons for the premium increase, Creative Energy believes this incident was a key factor in the insurer's assessment. BC Hydro has submitted estimated costs of $872,170 and the insurer has currently reserved $545,250 toward the claim.[89]

In response to the increased risk perception, Creative Energy has undertaken condition assessments on both its distribution network and the steam plant. It states that plans are in place to mitigate any known risks that are deemed urgent, as well as performing preventative work over the coming months to ensure the safety and reliability of its assets.[90]

Position of the Parties

RCIA submits that customers are being negatively impacted by higher insurance costs and that Creative Energy has provided no evidence of steps taken to reduce costs. RCIA recommends that BCUC direct Creative Energy to submit a comprehensive plan outlining all measures taken to monitor its infrastructure to prevent potential insurance claims and/or losses.[91]

In reply, Creative Energy states that it uses a third-party insurance broker to solicit its insurance policies to locate the best offer and rate, and only one insurer was willing to provide coverage equivalent to Creative

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[85] BCUC staff calculated this figure = [$338,207 (original 2025 forecast) / $243,240 (2024 approved)] – 1 = 0.3901 = 39.01 percent.
[86] Exhibit B-9, BCUC IR 11.1.
[87] Exhibit B-1, Section 4.2.9.1, p. 29; Exhibit B-13, Panel IR 2.2.
[88] Exhibit B-9, BCUC IR 11.2.
[89] Exhibit B-9, BCUC IR 11.2; Exhibit B-13, Panel IR 2.1.
[90] Exhibit B-9, BCUC IR 11.3.
[91] RCIA Final Argument, Section 3, p. 10; Section 4, p. 12.

Energy's existing coverage due to its claims history and aging system. Creative Energy added that it will provide an update on its plan for monitoring and mitigating the risk of insurance claims occurring, and the financial impacts should insurance claims occur, in its 2026 RRA.[92]

Panel Determination

The Panel accepts the updated 2025 insurance forecast of $385,597. We find Creative Energy has reasonably explained the drivers of the increase to two primary factors, the aging distribution network and a recent third-party damage claim. The Panel notes that these factors have contributed to a heightened risk profile, which has influenced the insurer's premium assessment.

The Panel acknowledges the concerns raised by RCIA regarding the impact of these higher costs on customers and the perceived lack of proactive mitigation efforts. However, the Panel notes that Creative Energy has taken steps including condition assessments of both its distribution network and steam plant, as well as implementing plans for preventative maintenance and urgent risk mitigation to support the continued insurability of its assets, including efforts aimed at maintaining existing coverage levels.

The Panel directs Creative Energy to file, as part of its 2026 RRA, any actions it has taken or plans to take in order to monitor and mitigate risks related to insurance claims and the associated financial impacts. We expect the utility to demonstrate its ongoing efforts to manage insurance-related risks and limit future premium increases.

3.1.4 Low-Carbon Rate Design Third-Party Consulting Costs

Creative Energy requests approval to establish a new Low-Carbon Rate Design Deferral Account (LRDDA) to record third-party consulting costs that are expected to be incurred in 2025 and 2026 to develop a comprehensive rate redesign for the utility, including a low-carbon rate design. Creative Energy estimates the total costs to be approximately $675,000.[93]

As part of the final BCUC decision related to the Certificate of Public Convenience and Necessity for the Core Steam System Decarbonization Project (Decarbonization Project CPCN),[94] Creative Energy was directed to file a rate design application to specify how the cost of the project and the operating costs to dispatch the electric boiler would be recovered from customers.[95] Further, in the Decarbonization Project CPCN Decision and the subsequent 2022 RRA Decision,[96] Creative Energy was directed to address the varying needs of different customer types, evaluate the appropriateness of implementing rate transition or mitigation mechanisms, and re-evaluate the overall declining block rate structure of the Core TES when filing its rate design application.[97]

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[92] Creative Energy Reply, Section 2.3, p. 9.
[93] Exhibit B-5, Section 4.2, p. 7; Exhibit B-9, BCUC IR 18.1.
[94] Creative Energy Application for a CPCN for the Core Steam System Decarbonization Project, Decision and Order C-5-22 dated September 15, 2022.
[95] Decision and Order C-5-22, Section 8.1, p. 44.
[96] 2022 RRA Decision.
[97] Decision and Order C-5-22, Section 8.1, pp. 44–45; 2022 RRA Decision, Section 3.4, p. 27.

The forecast consultant costs relate to Creative Energy's engagement of two specialized consultants to assist with the Core TES rate design.[98] Creative Energy states that these two consultants were engaged through direct negotiations based on proposed workplans and estimated hours, and that the underlying consulting rates align with rates from other reputable firms approached during the selection process. However, Creative Energy did not conduct benchmarking of consultant costs due to the specialized nature of the work and the limited relevance of comparable projects.[99]

Creative Energy acknowledges that the proposed third-party consultant costs are significant relative to the size of the Core TES customer base but emphasizes that this work is essential to the development of an effective, well-informed rate design. Specifically, Creative Energy states that its internal staff lack the specialized expertise required to develop a comprehensive low-carbon rate design for the Core TES, citing the complexity of serving over 200 customers with diverse building types and energy usage patterns.[100] It adds that the anticipated rate design application is essential to supporting its long-term growth strategy, as it will enable the shift to electricity-based energy by ensuring appropriate cost allocations, conservation incentives and affordability are appropriately balanced.[101]

Creative Energy also argues that the costs are not considered optional but instead have been directed by Order G-252-24.[102] As background, on August 15, 2024, Creative Energy filed an application with the BCUC for approval of a proposed rate design for its low-carbon thermal energy service.[103] However, by Order G-252-24, the BCUC rejected that application for filing on the grounds that it was materially deficient and lacked the necessary information to support an efficient regulatory review.[104] The BCUC granted Creative Energy leave to refile, should it choose to do so, subject to specific content requirements that re-enforced the original directives from the Decarbonization Project CPCN Decision and the 2022 RRA Decision, and required the inclusion of indicative rates and scenario analysis, among other items.[105]

Creative Energy proposes to defer recovery of the third-party consulting costs until the low-carbon energy system is in operation so that the customers who benefit from the new rate structure will bear its costs and plans to propose an amortization period in its next RRA. It submits that this upholds intergenerational equity and avoids premature cost recovery from current customers.[106]

Position of the Parties

BCOAPO did not comment on the third-party consulting costs associated with the low-carbon rate design but supports the establishment of the LRDDA with a 10- or 15-year amortization period. BCOAPO submits that a longer recovery period reflects the enduring nature of the investment and ensures that costs are allocated in

[98] Exhibit B-13, Panel IR 4.2.
[99] Exhibit B-9, BCUC IR 18.2.
[100] Exhibit B-13, Panel IR 4.1.
[101] Exhibit B-9, BCUC IR 18.5.
[102] Exhibit B-13, Panel IR 4.3.
[103] Creative Energy Core Steam System Low Carbon Rate Design, Decision and Order G-252-24 dated September 26, 2024, Section 1.0, p. 1.
[104] Decision and Order G-252-24, Section 2.0, p. 2.
[105] Decision and Order G-252-24, Section 2.0, pp. 3–4.
[106] Exhibit B-9, BCUC IR 18.6.

accordance with the principle of intergenerational equity.[107] The CEC did not comment on the cost but supports the establishment of the LRDDA.[108]

Panel Determination

The Panel has concerns regarding the magnitude of the forecast third-party consulting costs over 2025 and 2026, particularly when considered in the context of Creative Energy's current size and scale of operations.

For comparison, the 2025 forecast Maintenance and related Functional Operations costs of $823,567[109] include procurement of replacement parts and their freight delivery, tool replacement, safety-related costs, service agreements for plant controls, and consultants' fees.[110] In contrast, the level of rate design consulting costs appears disproportionately high compared to these essential operational needs. This raises concern that the level of expenditure is out of proportion with what would be reasonably expected for a utility of Creative Energy's size. While the Panel acknowledges the importance of the low-carbon rate design initiative to Creative Energy's long-term decarbonization and growth strategy, the magnitude of the costs is not adequately justified relative to the benefits to Creative Energy's ratepayers.

In reviewing the Application, the Panel notes that Creative Energy selected consultants based on their specialized expertise in their respective fields. For rate design scope, two firms were initially approached and engaged in preliminary scoping discussion. The consulting firm for rate design was selected due to its expertise in this area, and Creative Energy proceeded with direct negotiations. The other consulting firm selected for stakeholder engagement was the only firm considered and was selected based on its prior stakeholder engagement experience in British Columbia. The Panel notes that no formal competitive procurement process was undertaken for either contract. The Panel considers this a missed opportunity to test the market, encourage competitive pricing, and ensure value for ratepayers. While Creative Energy states that the unique nature of its system and scope limited the applicability of benchmarking, the Panel does not accept this as sufficient justification for foregoing a basic comparative assessment of cost reasonableness. For example, no comparisons were offered to similar filings by comparable utilities, nor was any breakdown provided to demonstrate that the scope of work was tailored to Creative Energy's scale. The Panel is therefore not satisfied that the proposed costs reflect an appropriately scoped and cost-managed engagement.

The Panel acknowledges that in Order G-252-24, the BCUC identified significant deficiencies in the previous rate design application and directed that any future filing be complete and comprehensive. However, the BCUC did not prescribe how the deficiencies should be addressed, nor did it require the use of third-party consultants. While some level of third-party support may be warranted, the Panel is not persuaded that the total proposed costs are reasonable or necessary. Creative Energy is responsible for determining how best to meet filing expectations, whether through internal staff, competitively sourced consultants or other cost-effective measures while exercising discretion and optimizing the costs and benefits to the ratepayers.

In the absence of cost benchmarking, competitive procurement, and a detailed justification of the costs in light of Creative Energy's size, the Panel is not satisfied that Creative Energy's forecast costs of approximately

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107 BCOAPO Final Argument, p. 3.
108 The CEC Final Argument, p. 17.
109 Figure is based on values taken from Exhibit B-10, BCOAPO IR 1.1.
110 Exhibit B-1, Section 4.2.7.2, p. 27.

$675,000 for the low-carbon rate design third-party consulting reflects an effectively cost-managed approach. The Panel has balanced the need for external specialized expertise with the costs and benefits to the ratepayers and accordingly finds that reducing the requested forecast costs by approximately 50 percent is appropriate, while still enabling progress toward a compliant low-carbon rate design. **The Panel therefore approves the establishment of the LRDDA, attracting Creative Energy's weighted average cost of capital, to record up to $350,000 in third-party consulting costs for the Core TES rate design. Creative Energy is directed to propose an amortization period for the deferral account in its 2026 RRA.**

3.2 Capital Additions

Creative Energy forecasts capital additions of $5,570,709 in 2025 for the Core TES.[111] The following table summarizes the 2024 BCUC-approved and actual as well as the 2025 forecast capital additions by cost component:

Table 5: Core TES 2025 Forecast Capital Additions[112]

Cost Component	2024 BCUC Approved ($)	2024 Actual (S)	2025 Forecast ($)
Steam Production Plant	360,000	1,001,516	699,625
Steam Distribution Network	1,735,279	150,616	3,678,049
Customer Building Services	160,000	386,445	420,064
Other[113]	872,719	1,033	772,971
Butterfly Development	0	3,256,708	0
Total Capital Additions	**3,127,998**	**4,796,318**	**5,570,709**

Position of the Parties

Interveners did not comment on the overall 2025 forecast capital additions.

Panel Discussion

The Panel accepts the 2025 forecast capital additions of $5,570,709 as presented by Creative Energy in the Evidentiary Update, in addition to the increase of $1.67 million to the 2024 closing rate base balance to reflect the actual additions in 2024. The Panel has reviewed Creative Energy's forecast capital additions for 2025 and finds the costs to be reasonable, as these amounts support, among other things, a new extension of the Core System (the Butterfly Development) and safe and reliable operations of Core TES assets.

The Panel addresses specific issues arising related to the steam production plant, deferred manhole projects and IT capital additions in the subsections that follow. In addition, the 2024 extension of service to the Butterfly Development is addressed in Section 4.1.

[111] Exhibit B-5, Appendix E (Revised Capital Additions), Table E-1.
[112] Exhibit B-5, Appendix E (Revised Capital Additions), Tables E-1 and E-2.
[113] The Other cost category primarily includes capital expenditures for IT capital.

3.2.1 Steam Production Plant

Creative Energy forecasts 2025 capital additions of $699,625 for its existing steam production plant[114] stating that these capital additions are required to safely and reliably operate the Core TES.[115] Creative Energy filed a condition assessment report for the steam production plant in the Application[116] in accordance with a directive from the 2024 RRA Decision, which required an update on the costs associated with extending the life of the plant due to delays in the Redevelopment Project.[117]

The condition assessment was undertaken to determine the planned work necessary for the steam production plant over the five-year period from 2025 to 2029[118] to ensure the safe and reliable operation of its main systems, which include six steam boiler units, a feedwater system, a venting system, balance of plant (i.e. air compressors, emergency generator, sump pumps and control system), and a fuel system. Creative Energy has identified the following maintenance work for each boiler:[119]

- Boiler 1 – front wall refractory and casing repairs, replacement of forced draft fan, burner management system and combustion control system replacement;
- Boiler 2 – encapsulation of asbestos in air heater ducting and replacement of steam control valve for the forced draft fan;
- Boiler 3 – cleaning/descaling of the boiler tubes and drum internals;
- Boiler 4 – replacement of steam turbine reduction gear for the forced draft fan;
- Boiler 5 – no capital work for this boiler is required over the next five years, however, maintenance expenses relating to Boiler 5 are included in the 2025 O&M forecast to replace or repair boiler components;[120] and
- Boiler 6 – replacement of thin tube sections.

The condition assessment report provided an initial capital cost estimate of $700,000 over the five-year period, including $630,000 in 2025.[121] Creative Energy notes that the condition assessment report was prepared after the annual budget, and therefore some details may differ from actual capital additions.[122]

In its Evidentiary Update, Creative Energy provided a revised 2025 capital additions forecast of $699,625.[123] Creative Energy explains these costs remain consistent with the condition assessment report and reflect the

[114] Exhibit B-5, Appendix E (Revised Capital Additions), Table E-2.
[115] Exhibit B-1, Section 5.4, p. 36.
[116] Exhibit B-1, Appendix I, pp. 1–15.
[117] 2024 RRA Decision, p. 16. The Redevelopment Project relates to both the Creative Energy Application for a Certificate of Public Convenience and Necessity for the Core Steam System and NEFC proceeding and Creative Energy Beatty-Expo Plants Redevelopment Project Final Design proceeding.
[118] Exhibit B-1, Appendix I, p. 2.
[119] Exhibit B-1, Appendix I, pp. 3–9.
[120] Exhibit B-11, CEC IR 9.1.
[121] Exhibit B-1, Appendix I, p. 1.
[122] Exhibit B-1, Section 5.4, p. 36.
[123] Exhibit B-5, Appendix E (Revised Capital Additions), Table E-2.

most up-to-date capital additions for the steam production plant in 2025.[124] Creative Energy intends to provide an updated condition assessment report in each future RRA filing.[125]

In addition, Creative Energy provides actual 2024 capital additions of $1,001,516 for the steam production plant, exceeding the 2024 BCUC-approved amount of $360,000.[126] Creative Energy explains this increase reflects additional work that became necessary after equipment inspections revealed several failures and issues at the steam production plant.[127]

Position of the Parties

The CEC recommends that Creative Energy capitalize and amortize, over the extended life of the equipment, the increase in 2025 steam maintenance expenses above the projected 2024 amount related to Boiler 5, rather than record these costs as part of 2025 O&M expenses. The CEC further recommends Creative Energy capitalize and amortize similar costs related to Boiler 4 over its extended life.[128]

Panel Determination

The Panel is satisfied with the condition assessment report and the capital spending required to continue safe and reliable operations of the steam production plant. We note that the forecast capital additions are in line with the condition assessment report. Accordingly, the Panel accepts the forecast 2025 capital additions.

The Panel also accepts Creative Energy's treatment of the 2025 steam maintenance expenses for Boilers 4 and 5 as part of O&M, finding the classification reasonable, given there is no evidence of deviation from applicable accounting practices or standards.

Given the condition assessment report and the substantial increase in actual 2024 capital additions, combined with forecast 2025 capital additions and the delays in the Redevelopment Project, the Panel considers that continued monitoring of this spending is warranted in future RRAs. Therefore, **we direct Creative Energy, in its next RRA, to report on the timing and forecast costs associated with extending the life of the steam production plant due to the Redevelopment Project delay.**

3.2.2 Manhole Rebuilds

The proposed 2025 forecast capital additions[129] for manhole rebuilds are $2,874,849[130] and include the rebuild of three manholes. Creative Energy notes that the full replacement cost of each manhole is between $1 million and $1.4 million[131] and explains this cost is necessary to safely and reliably operate the Core TES.[132] Creative Energy also notes that the Core TES includes a total of 76 manholes, and that manholes have a typical lifespan of

[124] Exhibit B-13, Panel IR 3.1.2.
[125] Exhibit B-13, Panel IR 3.2.1.
[126] Exhibit B-5, Appendix E (Revised Capital Additions), Table E-2.
[127] Exhibit B-9, BCUC IR 14.2.
[128] The CEC Final Argument, p. 12.
[129] Exhibit B-5, Appendix E (Revised Capital Additions), Table E-2.
[130] Calculated by the BCUC based on the figures from Exhibit B-5, Appendix E (Revised Capital Additions), Table E-2 ($773,992 + $1,047,155 + $1,053,702).
[131] Exhibit B-11, CEC IR 10.4.
[132] Exhibit B-11, CEC IR 10.1.

approximately 40 to 50 years, with complete replacements undertaken at a frequency of one to two manholes per year.[133] Creative Energy states that these replacements cannot be delayed due to existing safety concerns. However, it acknowledges that manholes will become redundant once the Core Steam system transitions to a hot water system, although timelines for this conversion are unknown.[134]

Position of the Parties

The CEC submits that it is unclear why Creative Energy's capital spending for manhole rebuild projects is accelerating given the planned transition to a hot water system, which would result in stranded or redundant manhole assets. The CEC recommends that Creative Energy provide a complete inventory of its manholes, including the age and condition of each, along with details on its long-term strategies to mitigate restoration costs as it transitions to a hot water system.[135]

In reply, Creative Energy agrees that the CEC's concerns regarding redundancy must be evaluated in the context of operational requirements. To address these concerns, Creative Energy plans to develop a standardized manhole inventory framework, reporting condition, remaining useful life, and replacement priority. It states that the framework will be provided in its 2026 RRA and will be updated in future RRA cycles. Creative Energy submits that this framework will align near-term safety requirements and longer-term system planning.[136]

Panel Determination

The Panel accepts 2025 capital additions for manhole rebuilds in the amount of $2,874,849, considering the work necessary to meet the safety requirements of the Core TES. The Panel accepts Creative Energy's proposal to develop an inventory framework and apply it to its manhole assets in future RRA filings, as this will provide transparency regarding the maintenance of this asset class. Therefore, **the Panel directs Creative Energy to file as part of its 2026 RRA, a manhole inventory framework that reports the age, condition, remaining useful life, and replacement priority of each manhole in the Core TES.**

3.2.3 IT Capital Cost Allocations

The Other capital additions cost category is primarily comprised of forecast costs of $722,971 for IT capital.[137] In the 2022 RRA Decision, the BCUC approved Creative Energy's allocation of IT costs between the regulated and non-regulated operations of 64 percent and 36 percent, respectively, based on the then-current distribution of headcount.[138] In the current Application, Creative Energy submits that the allocation reflects the split in employee support between regulated and non-regulated activities, and that its headcount has not materially changed since 2024.[139] For IT capital additions in 2025, Creative Energy has allocated all regulated IT capital costs to the Core TES.[140]

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[133] Exhibit B-11, CEC IR 10.3.
[134] Exhibit B-12, RCIA IR 17.1.
[135] The CEC Final Argument, p. 15.
[136] Creative Energy Reply Argument, p. 10.
[137] Exhibit B-5, Appendix E, Table E-2, pp. 2–3.
[138] Exhibit B-1, Section 4.2.4, p. 24; 2022 RRA Decision, Section 4.2.2, p. 40.
[139] Exhibit B-1, Section 4.2.3, p. 20.
[140] Exhibit B-1, Section 5.4, Table 34, p. 37.

Position of the Parties

RCIA submits it is unclear why Creative Energy allocates its IT capital additions to the Core TES and its non-regulated entities as opposed to across all regulated and non-regulated Creative Energy affiliates.[141] RCIA recommends that the BCUC direct Creative Energy to provide, in its next RRA filing, an independent review of Creative Energy's allocation of IT capital costs across Creative Energy's regulated and non-regulated affiliates.[142]

Panel Determination

The Panel finds Creative Energy's currently approved approach to IT cost allocation between regulated and non-regulated operations reasonable. The Panel notes that the allocation of IT costs was addressed as part of the 2022 RRA Decision, which approved a revised allocation of 64 percent to regulated operations and 36 percent to non-regulated operations based on the headcount distribution at that time.[143] Given that this allocation was reviewed and approved recently, the Panel does not consider it necessary to direct the filing of an independent review in the next RRA concerning the split between regulated and non-regulated entities.

However, consistent with RCIA's concerns, the Panel seeks further clarification on Creative Energy's approach for allocating the portion of IT capital additions for regulated operations among its regulated TESs, including the Core TES. Therefore, **the Panel directs Creative Energy to provide, in its 2026 RRA filing, the rationale for allocating all regulated IT capital additions to the Core TES, and to identify whether a different allocation across all regulated operations is warranted.**

3.3 Deferral Accounts

This section addresses two matters related to Creative Energy's deferral accounts. The first is Creative Energy's proposal regarding amortization of the Third-Party Regulatory Cost Deferral Account (TPRCDA). The second addresses concerns raised by BCOAPO about the implications of deferral account amortization on rate volatility within the 2025 revenue requirements.

3.3.1 Third-Party Regulatory Costs Deferral Account

Creative Energy maintains the TPRCDA, which records the annual variances between forecast and actual third-party regulatory costs, including BCUC, intervener, legal and consulting costs incurred as part of its regulatory compliance with BCUC requirements and the *Utilities Commission Act*. The TPRCDA was approved by the BCUC in the Creative Energy 2021 Revenue Requirements for the Core Steam System (2021 RRA) Decision,[144] with any balance to be amortized over one year.[145]

[141] RCIA Final Argument, p. 6.
[142] RCIA Final Argument, p. 11.

[143] 2022 RRA Decision, Section 4.2.2, p. 40.
[144] Decision and G-310-21A Errata (2021 RRA Decision) dated October 29, 2021.
[145] Exhibit B-1, Section 6.2.3, p. 42; Exhibit B-9, BCUC IR.17.3; 2023 RRA Decision, Section 3.2.4.2, p. 32; 2021 RRA Decision, Section 2.2.2, p. 27.

In the 2023 RRA Decision, the BCUC approved Creative Energy's request to expand the TPRCDA to allow for the inclusion of third-party consulting costs related to LTRP activities, with the amortization period to be determined in a future LTRP proceeding.[146]

As part of the Application, Creative Energy proposes 2025 amortization of $58,909 in the TPRCDA, which includes all third-party regulatory costs excluding the LTRP consulting costs.[147] The excluded LTRP consulting costs total $622,000 and are not proposed for amortization at this time.[148] This is consistent with the approach in 2023 and 2024.[149]

Creative Energy intends to continue recording third-party consulting costs related to the LTRP in the TPRCDA in 2025[150] and will seek approval to recover these costs as part of its 2026 RRA, once the LTRP proceeding is complete.[151] Creative Energy is also open to establishing a separate deferral account for LTRP consulting costs, should the BCUC direct such a change.[152]

Position of the Parties

Interveners did not comment on this matter.

Panel Determination

The Panel approves Creative Energy to amortize the 2025 forecast balance of $58,909 related to third-party regulatory costs in the TPRCDA, which excludes third-party LTRP consulting costs, and approves a one-year amortization period for the deferral account on a go-forward basis. The Panel finds this approach reasonable, as the costs proposed for amortization are distinct from the LTRP-related costs and reflect routine third-party regulatory cost variances consistent with the 2021 RRA Decision.

The Panel notes that Creative Energy applied a similar approach in 2023 and 2024 by amortizing all regulatory costs, excluding consulting costs for the LTRP, over a period of one year, as opposed to based on an amortization period determined in a future LTRP proceeding, as previously directed. The Panel accepts that these costs were amortized and does not make findings on the treatment of these prior years.

With respect to the third-party consulting costs for the LTRP, **the Panel directs the establishment of a Long-Term Resource Plan Deferral Account (LTRPDA) to record both the existing third-party consulting costs related to the LTRP activities currently recorded in the TPRCDA and any future such costs**. The Panel finds this separation to be appropriate, given the distinct nature and materiality of the LTRP-related expenditures.

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[146] 2023 RRA Decision, Section 3.2.4.2, p. 33.
[147] Exhibit B-1, Section 6.2.3, p. 42; Exhibit B-5, (Evidentiary Update), Attachment: "2025 Core and NEFC TES RRA Schedules_Evidentiary Update_Filed", Tab: "Sch 12A NRB_Deferrals" Excel Cell M51.
[148] Exhibit B-5, (Evidentiary Update), Attachment: "2025 Core and NEFC TES RRA Schedules_Evidentiary Update_Filed", Tab: "Sch 12A NRB_Deferrals", Excel Cell N51.
[149] Exhibit B-9, BCUC IR.17.1.
[150] Exhibit B-9, BCUC IR.17.4.
[151] Exhibit B-9, BCUC IR.17.3.
[152] Exhibit B-9, BCUC IR.17.4.

Creative Energy is also directed to include details and justification of the LTRP third-party consulting costs recorded in the LTRPDA and propose an amortization period for the LTRPDA as part of its 2026 RRA.

3.3.2 Rate Volatility

Creative Energy proposes a 2025 average thermal energy service rate equivalent to $13.84/M#,[153] which is a 4.3 percent rate decrease compared to 2024.[154] This reduction is largely driven by a reduction in deferral account amortization from $1,746,248 in 2024 to $218,709 in 2025.[155] As detailed in Table 1 in Section 3.0 of this decision, the 2024 approved and 2025 forecast revenue requirements prior to amortization are $13,833,963 and $15,212,306, respectively. This section addresses an issue raised by BCOAPO during the proceeding regarding the potential for rate volatility associated with deferral account amortization and overall cost management.

Position of the Parties

BCOAPO acknowledges that the 2025 revenue requirements results in lower overall customer bills but remains concerned about the way in which Creative Energy is managing its costs.[156] It notes the significant drop in deferral account amortization and submits that large deferral balances should be amortized over longer periods to avoid rate volatility.[157] As such, BCOAPO recommends that Creative Energy, in its next RRA, either propose a rate-smoothing deferral account or explain why such an account is not necessary.[158]

In reply Creative Energy agrees that deferral accounts are a well-established tool for smoothing costs but submits that several such accounts are already in place for the Core TES and are helping reduce rate volatility. It considers the addition of a new deferral account to be redundant, particularly given the overall rate decrease in the 2025 RRA. Creative Energy also refers to the 2024 RRA Decision, where the BCUC denied a proposed Revenue Deficiency Deferral Account as necessary given the minimal overall rate increase that year and because it would impose carrying costs on customers. Creative Energy further submits that significant changes to its RRAs are expected as part of an upcoming rate redesign to be filed next year, which once approved, would limit the usefulness of a rate-smoothing deferral account.[159]

Panel Discussion

While the Panel notes BCOAPO's concerns about rate volatility, it is not persuaded that further regulatory direction on rate smoothing is necessary. In the Panel's view, the existing variability does not warrant the

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153 Exhibit B-5 (Evidentiary Update), Attachment: "2025 Core and NEFC TES RRA Schedules_Evidentiary Update_Filed", Tab: "Sch 1 RRA".

154 Exhibit B-10, BCOAPO IR 1.1; Decision and Order G-321-24 approved the 2024 interim rate of $12.58/M# as permanent. However, had the 2024 rate incorporated the directives and determinations from the 2024 RRA Decision alongside the updated cost of capital from Stage 2 of the BCUC Generic Cost of Capital proceeding, rather than the difference being deferred, the resulting rate would have been $14.46/M#. This is the basis for Creative Energy's reference to a rate decrease in the Application, even though, from the customers perspective, rates are not decreasing relative to the 2024 rate approved as permanent (BCUC Generic Cost of Capital (Stage 2), Decision and Order 321-24, Section 5.1, p. 96; 2024 RRA proceeding, Order G-13-24 and 2024 RRA Decision; Creative Energy compliance filing for Orders G-272-24 and G-321-24 dated December 6, 2024).

155 Exhibit B-10, BCOAPO IR 1.1.

156 BCOAPO Final Argument, Section 3.0, p. 2.

157 BCOAPO Final Argument, Section 7.0, p. 10.

158 BCOAPO Final Argument, Section 3.0, p. 3.

159 Creative Energy Reply, Section 2.5, p. 11.

introduction of a rate-smoothing deferral account, though Creative Energy is free to propose one in the future if it considers it appropriate.

4.0 Other Matters

Creative Energy is seeking approvals in its Application related to the Butterfly Development, a new system extension discussed in Section 4.1, and the NEFC hot water distribution network system contribution charge, discussed in Section 4.2. Changes to Creative Energy's tariff pages to improve clarity and flexibility for future hot water expansions are addressed in Section 4.3.

4.1 Butterfly Development

Creative Energy seeks various approvals related to the Butterfly Development, which is a new development connected to Creative Energy's Core TES through a steam-to-hot-water station tied into the existing steam main at Burrard and Nelson Streets in Vancouver. The development includes a 57-storey residential tower (Residential Tower) owned by Nelson Burrard Holding Inc., and two premises owned by the First Baptist Church of Vancouver: (i) the Church and Podium and (ii) the Rental Residential Building (collectively, Church and Rental Building).[160] The First Baptist Church of Vancouver owns the land and partnered with Westbank Corp. (Westbank), an indirect shareholder of Creative Energy, to construct and refurbish the buildings within the Butterfly Development.[161]

Thermal energy service to the Butterfly Development began on August 8, 2024, at no charge. Interim thermal energy service rates as well as the FCAC and FCAC rate rider subsequently became effective on November 1, 2024, at which point Creative Energy began collecting revenues for the service provided.[162]

In the subsections that follow, the Panel first addresses the terms of service, including the system contribution charges, followed by the remaining approvals sought related to thermal energy service rates, the FCAC and FCAC rate rider, and the RVDA rate rider.

4.1.1 Terms of Service and System Contribution Charges

Creative Energy seeks permanent approval of the amended terms of service for each of the three customers at the Butterfly Development, effective November 1, 2024 (Amended Terms of Service). These Amended Terms of Service, which are agreements with each customer executed June 15, 2023, set out the term of service and other key commercial terms related to thermal energy service.[163] The Amended Terms of Service also include the applicable system contribution charge for each customer, details of which are provided below.

[160] Exhibit B-7, PDF pages. 5–6, 19, 43 and 66.
[161] Exhibit B-11, CEC IR 14.3.
[162] Exhibit B-9, BCUC IR 20.11; Creative Energy Butterfly Project Interim Fuel Cost Adjustment Charge, Order G-27-25; Creative Energy Butterfly Project Terms of Service and Interim Rates proceeding, Exhibit B-3, Response to Supplemental Information Request 4 and Order G-343-24.
[163] Exhibit B-7, PDF pages 19–88.

To establish the appropriate system contribution from each customer, Creative Energy completed a system extension test in 2022 in accordance with the BCUC's System Extension Test (SET) Guidelines,[164] which stipulate that any shortfall between the net present value (NPV) of the forecast revenue and any costs to extend service to customers is to be recovered through a financial contribution from those customers.[165] Creative Energy contends that this process mitigates cross-subsidization by existing Core TES customers.[166] Creative Energy calculated the NPV of the forecast costs and revenues to serve the Butterfly Development over the 30-year service term as follows:[167]

- Forecast capital costs of service extension: $3,256,708.[168]
- Total NPV of forecast costs to serve: $4,706,191.
- Total NPV of forecast revenues: $2,622,981.
- The resulting shortfall of $2,083,210 represents the required system contribution.

Creative Energy calculated the NPV of the forecast revenues for the Butterfly Development based on a 50/50 split between an estimated conventional thermal energy service rate for hot water and an estimated low-carbon thermal energy rate, excluding flow-through fuel costs.[169] In its revenue split, Creative Energy reflects the expectation that the Butterfly Development will subscribe to 50 percent of its thermal energy from low carbon sources commencing early 2026,[170] as contemplated in the construction agreement.[171]

The customer contribution of $2,083,210 for the Butterfly Development was allocated among the three customers based on each building's space heating capacity (in kilowatts) and incorporated into the respective terms of service for each customer as follows:[172]

a. Nelson Burrard Holdings Inc. (now the strata corporation), Residential Tower: fixed monthly charge of $9,516 over a 30-year term.

b. The First Baptist Church of Vancouver, Church and Podium: fixed upfront charge of $514,960; and

c. The First Baptist Church of Vancouver, Rental Residential Building: fixed upfront charge of $96,420.

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[164] BCUC Utility System Extension Guidelines, Issued September 5, 1996 by Order G-80-96.
[165] BCUC Utility System Extension Guidelines, Issued September 5, 1996 by Order G-80-96, Section 4.1, p. 12; Section 6.2, pp. 23–24.
[166] Exhibit B-7, p. 6; Exhibit B-9, BCUC IR 20.2.
[167] Exhibit B-7, Attachment: "Butterfly Extension Test", Tab: "1. Extension Test - S2HW", Excel Cells C5, C86, C87, C88, D29 and J5.
[168] Forecast capital costs includes the detailed design, development, construction, management and allowance for funds used during construction. Actual costs were later reported as $3,411,314, approximately $155,000 greater than forecast (Exhibit B-9, BCUC IR 15.3 and 20.3.1).
[169] Exhibit B-7, Attachment: "Butterfly Extension Test", Tab: "1. Extension Test – S2HW", Excel Cell C86; Exhibit B-9, BCUC IR 20.11; Creative Energy Butterfly Project Terms of Service and Interim Rates proceeding, Exhibit B-3, Response to Supplemental Information Request 2.
[170] Exhibit B-7, Attachment: "Butterfly Extension Test", Tab: "1. Extension Test - S2HW", Excel Cell I7; Exhibit B-9, BCUC IR 20.10.1.
[171] Creative Energy Butterfly Project Terms of Service and Interim Rates proceeding, Exhibit B-3, PDF pages 76–258. The construction agreement sets out the obligations of Creative Energy and the customers with respect to the design, construction, and commissioning of the infrastructure required to extend service.
[172] Exhibit B-7, Attachment: "Butterfly Extension Test", Tab: "1. Extension Test – S2HW", Excel Cells B101 to H114; Exhibit B-9, BCUC IR 20.10.1.

Creative Energy initially proposed fixed upfront connection charges for all premises but also offered fixed annual and monthly payment options at the customers' request. The First Baptist Church opted for upfront fixed connection charges for both its buildings, while Nelson Burrard Holdings Inc. selected the fixed monthly charge over 30 years, as set out in the Amended Terms of Service.[173] Ownership of the Residential Tower was transferred to the building strata on November 28, 2024, and Creative Energy notes the strata lacks the capital to pay the contribution in full up-front but is committed to finance its contribution over the 30-year term.[174] Creative Energy considers this structure appropriate given the long-term nature of the service agreement, the inclusion of interest on unpaid amounts, and the incremental revenue generated over the term, all of which ensure that the utility remains financially whole and that no costs are shifted to other Core TES customers.[175] Creative Energy maintains that the payment structure is not unduly discriminatory or preferential under the *Utilities Commission Act*.[176]

Creative Energy notes that it has included contractual protections under Section 14(f) of the Amended Terms of Service, which outline that if the agreement is terminated early by the customer for any reason other than default by Creative Energy, the utility would issue an invoice for the NPV of the foregone revenue over the remaining term, including contribution charge revenue. Accordingly, in the event of non-payment, Creative Energy would be entitled to seek a legal judgement and register it against the common property and individual strata lots.[177]

Position of the Parties

The CEC raises concerns regarding Creative Energy's relationship with Westbank and suggests it may have influenced the acceptance of a monthly payment structure for Nelson Burrard Holdings Inc. The CEC contends that this structure may not be in the best interest of the existing Core TES customers and recommends Creative Energy either renegotiate the terms of service with Nelson Burrard Holdings Inc. to require a fixed upfront charge or have Creative Energy's shareholders assume the credit risk of the 30-year payment stream.[178]

In reply, Creative Energy submits that while Westbank is an indirect shareholder, all dealings related to the Butterfly Development were conducted at arm's length. It adds that the same payment options were offered to all Butterfly Development customers, and the terms were not preferential. Creative Energy maintains that the 30-year contract, combined with the contractual protections and interest charges, protect its financial position without adversely impacting Core TES customers. [179]

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[173] Exhibit B-9, BCUC IR 21.1.
[174] Exhibit B-7, PDF pages 89–90; Exhibit B-9, BCUC IR 21.2.
[175] Exhibit B-9, BCUC IR 21.1.1 and 21.2. Creative Energy notes that interest will be paid to Creative Energy over the monthly payment period at a rate of 6.64 percent (the weighted average cost of capital at the time the extension test was completed in 2022), such that Creative Energy is kept whole (Exhibit B-9, BCUC IR 21.1.1; Exhibit B-7 Attachment: "Butterfly Extension Test"; Tab: "1. Extension Test - S2HW").
[176] Exhibit B-9, BCUC IR 21.1.1.
[177] Exhibit B-9, BCUC IR 21.5; Creative Energy Butterfly Project Terms of Service and Interim Rates proceeding, Exhibit B-3, Response to Supplemental Information Request 3, where Creative Energy references section 166 of the *Strata Property Act* (BC).
[178] The CEC Final Argument, Section VIII, p. 16.
[179] Creative Energy Reply, Section 2.6, pp. 11–12.

Panel Determination

The Panel approves the Amended Terms of Service for each of the three premises connected to the Butterfly Development hot water distribution network on a permanent basis, effective November 1, 2024, including the following system contribution charges:

- **a. Nelson Burrard Holdings Inc. (now the strata corporation), Residential Tower: fixed monthly charge of $9,516 over a 30-year term.**
- **b. The First Baptist Church of Vancouver, Church and Podium: fixed upfront charge of $514,960; and**
- **c. The First Baptist Church of Vancouver, Rental Residential Building: fixed upfront charge of $96,420.**

The Panel has reviewed and considered the Amended Terms of Service and finds them to be reasonable. The remainder of these reasons focus specifically on the system contribution charge contained in the Amended Terms of Service for each of the three customers at the Butterfly Development.

The Panel notes that the total required system contribution for the Butterfly Development was developed by way of an extension test that is consistent with the SET Guidelines, using inputs based on logical assumptions. From there, the total system contribution was allocated to each customer based on the respective building's heating capacity. The Panel finds this overall approach to developing the total system contribution for the Butterfly Development, and the allocation to each of the three customers, to be sound. This approach ensures the costs of the extension are borne by the three applicable customers, and results in a fair apportionment of the total system contribution between those customers.

The Amended Terms of Service state that Nelson Burrard Holdings Inc. will pay its applicable system contribution by way of a fixed monthly charge over 30 years, while the First Baptist Church of Vancouver will pay the applicable system contributions for its two premises at the Butterfly Development by way of fixed upfront charges. The Panel acknowledges the concerns raised by the CEC regarding Creative Energy's relationship with Westbank and the suggestion that it may have influenced the acceptance of a monthly payment structure for Nelson Burrard Holdings Inc. However, the Panel notes that Creative Energy offered all three customers equivalent flexibility in choosing payment options (i.e. upfront, annual, or monthly) for their respective customer contributions, and that each customer made its selection based on its own circumstances and financial capabilities. Accordingly, the Panel finds that the fixed monthly charge is not unduly discriminatory or preferential.

Further, the calculation of the fixed monthly system contribution charge for Nelson Burrard Holdings Inc. incorporates interest at Creative Energy's weighted average cost of capital, which ensures Creative Energy is fully compensated for the time value of money during the 30-year payment term. Additionally, Section 14(f) of the Amended Terms of Service provides security for the 30-year payment period. This clause ensures that should the owner of the Residential Tower (now the strata corporation, previously Nelson Burrard Holdings Inc.) choose to disconnect from the Core TES before the term ends, Creative Energy would receive the full contribution, including any applicable interest. The Panel considers these factors to appropriately safeguard Creative Energy's financial position and mitigate any potential adverse impact on Core TES customers.

For the aforementioned reasons, the Panel finds that the applicable system contribution charge for each of the three customers at the Butterfly Development, including the fixed monthly charge for the Residential Tower and the fixed upfront charges for the Church and Podium as well as the Rental Residential Building, are just and reasonable.

Notwithstanding the approvals, the Panel notes that Creative Energy does not have a formal extension policy and is not seeking approval of the extension test methodology as part of this proceeding. Accordingly, approval in this case is limited to the Butterfly Development.

Finally, the Panel is concerned that the BCUC was not formally notified of the Butterfly Development extension in advance of construction. In addition, Creative Energy's interim rate application for the Butterfly Development was filed in September 2024, despite service commencing at no charge for the extension in August 2024. This delay in notification reduced regulatory efficiency, compressed the review timeline and created avoidable complications. Therefore, the Panel would like to remind Creative Energy of the requirement to provide a list of planned extension projects in its annual report to the BCUC.[180]

4.1.2 Rates and Riders

Creative Energy seeks permanent approval of the following for the Butterfly Development:[181]

- The thermal energy service rates, FCAC and FCAC rate rider at the same rates as those approved, from time to time, for the NEFC hot water distribution network, effective November 1, 2024; and
- The RVDA rate rider at the same rate applicable to the NEFC hot water distribution network, of $2.54/MWh, to be applied over a 24-month period, effective January 1, 2025.

The proposed thermal energy service rates are designed to recover the costs of delivering thermal energy. The FCAC and FCAC rate rider recover Creative Energy's fuel expenses on a flow-through basis.[182] The BCUC previously approved Creative Energy to charge customers connected to the Butterfly Development hot water distribution network the same FCAC and FCAC rate rider as those approved for the NEFC hot water distribution network on an interim and refundable/recoverable basis, effective November 1, 2024.[183] Subsequently, on July 31, 2025, the BCUC approved a revised FCAC and FCAC rate rider for customers of the Core TES, including the Butterfly Development hot water distribution network, on an interim and refundable or recoverable basis, effective August 1, 2025.[184]

The RVDA rider recovers the difference between the interim thermal energy service rates approved at the outset of the 2024 RRA proceeding (12.58/M#) and the final rates reflecting the 2024 RRA Decision and the

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[180] Letter L-65-20 dated October 28, 2020; Letter L-46-23 dated October 17, 2023; Letter L-14-25 dated June 30, 2025.
[181] Exhibit B-7, p. 6; Exhibit A-4: Order G-23-25; Creative Energy Butterfly Project Interim Fuel Cost Adjustment Charge, Order G-27-25; Creative Energy Butterfly Project Terms of Service and Interim Rates proceeding, Exhibit B-3, p. 5 and Order G-343-24.
[182] Exhibit B-7, PDF page 7; Exhibit B-9, BCUC IR 20.10.1; Creative Energy Fuel Cost Adjustment Charge and Rate Rider, Order G-283-23 and accompanying Reasons for Decision, p. 1.
[183] Creative Energy Butterfly Project Interim Fuel Cost Adjustment Charge, Order G-27-25.
[184] Creative Energy 2025 Core TES Fuel Cost Adjustment Charge, Order G-189-25.

updated cost of capital ($14.46/M#).[185] This rider was approved on an interim basis for customers of the Butterfly Development hot water distribution network, effective January 1, 2025.[186]

These rates mirror those of the NEFC hot water distribution network because both the Butterfly Development and the NEFC are hot water distribution extensions of the Core TES and are served by the same steam production plant, and therefore use a shared common fuel source.[187] Creative Energy notes, applying the same rates and recovery mechanism: (i) ensures fairness in cost allocation and maintains rate consistency among customers; (ii) enhances regulatory efficiency; as well as (iii) reduces administrative complexity and regulatory burden by necessitating only one rate structure.[188]

Position of the Parties

Interveners did not comment on this matter.

Panel Determination

The Panel approves, effective November 1, 2024, Creative Energy to set the thermal energy service rates, FCAC and FCAC rate rider, and RVDA rate rider for the Butterfly Development hot water distribution network at the same rates as those approved, from time to time, for the NEFC hot water distribution network on an ongoing basis.

For the Butterfly Development hot water distribution network, the Panel approves Creative Energy to charge the following rates on a permanent basis:

- **The same 2024 thermal energy service rates as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to December 31, 2024**. For clarity, the permanent thermal energy service rates approved, effective January 1, 2025, are addressed by Directive 1 of the order accompanying this decision;

- **The same FCAC and FCAC rate rider as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to July 31, 2025.** For clarity, the interim FCAC and FCAC rate rider approved, effective August 1, 2025, are addressed by Order G-189-25; and

- **The RVDA rate rider at the same rate approved to charge customers of the NEFC hot water distribution network, set at $2.54/MWh for a period of 24 months and effective January 1, 2025.**

If there are any differences between the interim and permanent rates noted above, **Creative Energy is directed to refund to or recover from ratepayers the difference between the interim and the permanent rates, with interest at Creative Energy's weighted average cost of debt, in the next billing cycle following the BCUC's acceptance of the final compliance filing.** The Panel finds it reasonable to approve these rates at the same amounts as those applicable to NEFC, as both are hot water distribution extensions of the Core TES, have

[185] Exhibit B-5, Section 1, p. 3; BCUC Generic Cost of Capital (Stage 2), Decision and Order G-321-24, Section 5.1, p. 96; 2024 RRA Decision; Creative Energy Compliance Filing in Accordance with Directive 9 of Order G-272-24 dated November 25, 2024, Attachment: "Doc_79343_1_2024CoreandNEFCTESRRASchedulesComplianceFiling.xlsx", Tab: "Sch 1 RRA", Excel Cell K33.
[186] Exhibit A-4, Order G-23-25.
[187] Exhibit B-9, BCUC IR 2.1.
[188] Exhibit B-9, BCUC IR 2.2.

comparable service characteristics, and are both served by the steam production plant. The Panel further acknowledges that the costs of serving the Butterfly Development are the same as those for NEFC, as any incremental extension costs are addressed through the system contribution charges applicable for each of NEFC and the Butterfly Development. Applying the same rates and rate riders is both equitable and operationally efficient, promotes consistency across the hot water distribution extensions of the Core TES, and ensures that customers connected through these extensions are treated in a fair and predictable manner.

4.2 NEFC System Contribution Charge

Creative Energy seeks approval to revise the current NEFC System Contribution Charge of $10.60/MWh to $10.99/MWh of thermal energy, effective January 1, 2025, to ensure full recovery of the NEFC Revenue Deficiency Deferral Account (RDDA) by the end of 2043.[189]

The NEFC System Contribution Charge is designed to recover the cost of extending the NEFC to serve the NEFC hot water distribution network, as well as the NEFC RDDA balance net of the NEFC Variance Deferral Account as at December 31, 2021. It is distinct from the thermal energy service rates and is recovered solely from NEFC customers over the remaining 22-year life of the NEFC assets, through to the end of 2043.[190] As of December 31, 2024, Creative Energy specifies that the balance remaining to be recovered through the NEFC system contribution charge is $2,442,826.[191]

Considering the previous charge of $10.60/MWh and with an updated NEFC load forecast of 66,358 M#,[192] Creative Energy calculates a projected closing balance of $377,601 at the end of asset life in 2043. Based on the same assumptions, the revised charge required to fully recover the balance by 2043 is $10.99/MWh.[193]

Creative Energy states that it will continue to actively monitor the remaining balance and key inputs to the NEFC System Contribution Charge annually. It adds that it will only apply for a rate change if: (i) it becomes evident that the approved charge is insufficient to fully recover the remaining balance or (ii) the BCUC requests an update on the account's parameters, balances, or calculations. Under this approach, Creative Energy states that adjustments will be proposed only as necessary to maintain the trajectory toward full recovery by 2043.[194]

Position of the Parties

Apart from the CEC, interveners did not comment on the proposed NEFC System Contribution Charge. The CEC recommends that the BCUC approve the revised charge, subject to the recommendation to reduce the 2025 load forecast by at least 17,841 M#.[195]

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[189] Exhibit B-1, Section 3.4, p. 15; Appendix B.
[190] 2022 RRA Decision, Section 3.1, Table 5, pp. 12–13 and 18.
[191] Exhibit B-5, Attachment: "2025 Core and NEFC TES RRA Schedules_Evidentiary Update_Filed", Tab: "Sch 12B NRB_Deferrals NEFC", Excel Cell N41.
[192] This is equivalent to 23,026 MWh, based on the BCUC-approved conversion factor of 0.347 MWh/M#. The historic actual loads show growth from 2022 to 2024. The 2024 actual load exceeds the new forecast load of 23,026 MWh by approximately 6.0 percent, primarily driven by Building 15003's consumption growth. The forecast load of 23,026 MWh is reasonable based on recent historical data, supporting the proposal to increase the NEFC long-term load forecast from the previously used 19,566 MWh (Exhibit B-9, BCUC IR 19.2.1).
[193] Exhibit B-1, Section 3.3, pp. 14–15; Exhibit B-9, BCUC IR 19.1; Exhibit B-1, Attachment: "NEFC System Contribution Charge Forecast", Tab: "RDDA Recovery", Excel Cells A25:W33.
[194] Exhibit B-9, BCUC IR 19.4.
[195] The CEC Final Argument, Section I, pp. 1–2; Section IV, p. 10; Section VII, p. 15.

Panel Determination

Creative Energy's NEFC system contribution charge of $10.99/MWh is approved on a permanent basis, effective January 1, 2025. The Panel finds that the revised charge is reasonably calculated to fully recover the outstanding balance of the NEFC RDDA by the end of the asset life in 2043, avoiding any significant over- or under-recovery.

With respect to the CEC's submissions, as the Core TES 2025 load forecast was accepted, the Panel finds that no corresponding adjustment to the NEFC System Contribution Charge is necessary.

4.3 Tariff Page

Creative Energy provides its proposed draft tariff in Appendix B to the Evidentiary Update, setting out thermal energy services rates applicable to NEFC and Butterfly Development hot water distribution networks.[196] Creative Energy explains that the inclusion of the NEFC and Butterfly Development descriptors in the tariff is intended to provide clarity for customers and stakeholders regarding the specific systems to which the rates apply. However, Creative Energy stated it is amenable to remove these descriptors to allow for greater flexibility in accommodating system expansions without requiring additional amendments each time a new hot water distribution network is added.[197]

Creative Energy outlined the advantages of removing the descriptors, including improved administrative efficiency, flexibility to add new hot water distribution networks to the Core TES, and a reduced need for future regulatory updates. It also noted the disadvantages, including reduced clarity for customers about which networks the rates apply to, potential ambiguity regarding whether a particular network is addressed by the tariff, and the possibility of additional regulatory documentation or clarification when new hot water distribution networks are added.[198]

Position of the Parties

Interveners did not comment on this matter.

Panel Determination

The Panel recognizes that removing the descriptors would improve administrative efficiency and reduce the need for future regulatory amendments, while any loss of clarity about which systems the rates apply to is expected to be negligible. Accordingly, **the Panel directs Creative Energy to revise its tariff for the Core TES by removing the NEFC and Butterfly Development descriptors and instead referring more generally to customers connected to the hot water distribution networks, except for the references to NEFC and the Butterfly Development for the applicable system contribution charge, and to file the revised tariff as part of the final compliance filing**.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of September 2025.

[196] Exhibit B-5, Appendix B, pp. 1–2.
[197] Exhibit B-9, BCUC IR 1.1.
[198] Exhibit B-9, BCUC IR 1.1.

Electronically signed by Elizabeth A. (Lisa) Brown

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E. A. Brown
Panel Chair

Electronically signed by Ana Dennier

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A. C. Dennier
Commissioner

Electronically signed by Bernard Magnan

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B. A. Magnan
Commissioner

Creative Energy Vancouver Platforms Inc.
2025 Core Steam Revenue Requirements

LIST OF TERMS AND ACRONYMS

Acronym	Description
2021 RRA	Creative Energy 2021 Revenue Requirements for the Core Steam System proceeding
2022 RRA	Creative Energy Rates for the Core Steam System and NEFC Service Areas proceeding
2023 RRA	Creative Energy 2023 Revenue Requirements for the Core Thermal Energy System proceeding
2024 RRA	Creative Energy 2024 Revenue Requirements for the Core Thermal Energy System proceeding
Amended Terms of Service	Three thermal energy service contracts executed June 15, 2023, for the three premises at the Butterfly Development. The contracts set out the terms of service, key commercial terms, and the applicable system contribution charge for each customer. The parties to these contracts are Creative Energy, the First Baptist Church of Vancouver, and Nelson Burrard Holdings Inc.
Application	Exhibit B-1 of the Creative Energy 2025 Core Steam Revenue Requirements filed December 18, 2024
BC Hydro	British Columbia Hydro and Power Authority
BCOAPO	Collectively, British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre
BCUC	British Columbia Utilities Commission
Butterfly Development	A new development connected to Creative Energy's Core TES through a steam-to-hot-water station tied into the existing steam main at Burrard and Nelson Streets in Vancouver, British Columbia. The development includes three premises: (i) Church and Podium; (ii) Rental Residential Building; and (iii) Residential Tower
Church and Podium	A church and podium owned by the First Baptist Church of Vancouver located at 969 Burrard Street and 1011 Nelson Street, Vancouver, British Columbia; and a premise within the Butterfly Development

Church and Rental Building	The collective of the First Baptist Church of Vancouver premises at the Butterfly Development, including: (i) the Church and Podium located at 969 Burrard Street and 1011 Nelson Street, Vancouver, British Columbia, respectively; and (ii) the Rental Residential Building located at 1045 Nelson Street, Vancouver, British Columbia
Core Steam	The steam production plant located at 720 Beatty Street, Vancouver, British Columbia and the associated steam distribution network owned and operated by Creative Energy serving over 208 customers in downtown Vancouver
Core TES	The thermal energy system comprised of Creative Energy’s steam production plant, steam distribution network, and the NEFC and Butterfly Development hot water distribution networks that collectively serve downtown Vancouver, NEFC, and the Butterfly Development
CPCN	Certificate of Public Convenience and Necessity
Creative Energy	Creative Energy Vancouver Platforms Inc.
Decarbonization Project	The Core Steam System Decarbonization Project
Decarbonization Project CPCN	Certificate of Public Convenience and Necessity for the Core Steam System Decarbonization Project
Evidentiary Update	Exhibit B-5 of the Creative Energy 2025 Core Steam Revenue Requirements filed January 27, 2025
FCAC	Fuel Cost Adjustment Charge
FTE	Full-time equivalents
General Manager	General Manager, Vancouver Thermal Energy System
HDD	Heating Degree Days
IR	Information request
IT	Information Technology
LRDDA	Low-Carbon Rate Design Deferral Account
LTRP	Long-Term Resource Plan
LTRPDA	Long-Term Resource Plan Deferral Account
M#	Thousand pounds of steam
MSOC	Managed Security Operations Center
MWh	Megawatt hour
NEFC	Northeast False Creek
NPV	Net present value
O&M	Operations and maintenance
RCIA	Residential Consumer Intervener Association
RDDA	Revenue Deficiency Deferral Account

Redevelopment Project	Creative Energy Application for a Certificate of Public Convenience and Necessity for the Core Steam System and NEFC proceeding and Creative Energy Beatty-Expo Plants Redevelopment Project Final Design proceeding
Rental Residential Building	A seven-storey rental residential building owned by the First Baptist Church of Vancouver located at 1045 Nelson Street, Vancouver, British Columbia; and a premise within the Butterfly Development
Residential Tower	A 57-storey residential tower owned by Nelson Burrard Holdings Inc. located at 1033 Nelson Stret, Vancouver, British Columbia; and a premise within the Butterfly Development
RRA	Revenue requirements application
RVDA	Revenue Variance Deferral Account
SaaS	Software-as-a-Service
SET	System Extension Test
TES	Thermal energy system
The CEC	The Commercial Energy Consumers Association of British Columbia
TPRCDA	Third-Party Regulatory Cost Deferral Account
Westbank	Westbank Corp., an indirect shareholder of Creative Energy

Creative Energy Vancouver Platforms Inc.
2025 Core Steam Revenue Requirements

EXHIBIT LIST

Exhibit No.	Description
COMMISSION DOCUMENTS	
A-1	January 6, 2025 – Panel Appointment
A-2	January 23, 2025 – BCUC Order G-11-25 establishing a regulatory timetable
A-3	January 27, 2025 – BCUC approving Creative Energy's Extension Request
A-4	February 5, 2025 – BCUC Order G-23-25 approving Creative Energy rate rider
A-5	March 3, 2025 – BCUC Information Request No. 1 to Creative Energy
A-6	April 7, 2025 – BCUC Order G-91-25 amending regulatory timetable
A-7	April 9, 2025 – BCUC Panel Information Request No. 1 to Creative Energy
APPLICANT DOCUMENTS	
B-1	December 18, 2024 – **CREATIVE ENERGY VANCOUVER PLATFORMS INC. (CREATIVE ENERGY)** – 2025 Core Steam Revenue Requirements
B-2	January 14, 2025 – Creative Energy submitting Notice of Intent to file Evidentiary Update and Revised Regulatory Timetable
B-3	**PUBLIC** - January 15, 2025 – Creative Energy submitting Evidentiary Update
B-3-1	**CONFIDENTIAL** - January 15, 2025 – Creative Energy submitting Evidentiary Update confidential Butterfly Model
B-4	January 24, 2025 – Creative Energy submitting Extension Request to file Evidentiary Update
B-5	January 27, 2025 – Creative Energy submitting Evidentiary Update
B-6	January 29, 2025 – Creative Energy submitting confirmation of public notice

Exhibit No.	Description
B-7	February 6, 2025 – Creative Energy submitting Supplemental Information in compliance with Order G-11-25
B-8	February 12, 2025 – Creative Energy submitting confirmation of public notice
B-9	**PUBLIC** - March 24, 2025 – Creative Energy submitting response to BCUC Information Request No. 1
B-9-1	**CONFIDENTIAL** – March 24, 2025 – Creative Energy submitting confidential response to BCUC Information Request No. 1
B-10	March 24, 2025 – Creative Energy submitting response to BCOAPO Information Request No. 1
B-11	March 24, 2025 – Creative Energy submitting response to CEC Information Request No. 1
B-12	March 24, 2025 – Creative Energy submitting response to RCIA Information Request No. 1
B-13	April 15, 2025 – Creative Energy submitting response to BCUC Panel Information Request No. 1

INTERVENER DOCUMENTS

C1-1	February 11, 2025 – **RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA)** – Request to intervene by Abdulrahman Abomazid
C1-2	March 10, 2025 – RCIA submitting Information Request No. 1 to Creative Energy
C2-1	February 12, 2025 – **WALL CENTRE (WALL CENTRE)** – Request to intervene by Marion Lowe
C3-1	February 12, 2025 – **COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA (CEC)** – Request to intervene by David Craig
C3-2	March 10, 2025 – CEC submitting Information Request No. 1 to Creative Energy
C4-1	February 13, 2025 – **BRITISH COLUMBIA OLD AGE PENSIONERS' ORGANIZATION ET AL. (BCOAPO)** – Request to intervene by Leigha Worth
C4-2	March 10, 2025 – BCOAPO submitting Information Request No. 1 to Creative Energy

Creative Energy Vancouver Platforms Inc.
2025 Core Steam Revenue Requirements

SUMMARY OF DETERMINATIONS AND DIRECTIVES

This summary is provided for the convenience of readers. In the event of any difference between the determinations and directives in this summary and those in the body of the decision, the wording in the decision shall prevail.

Determination / Directive	Page
The Panel finds that the revised load forecast methodology suitably addresses the concerns raised in the 2024 RRA Decision and Creative Energy has fulfilled the previously issued directive on load forecast methodology from the 2024 RRA Decision.	5
The Panel finds that the revised load forecast methodology is suitable for the Core TES rate setting, including setting 2025 rates.	5
[T]he Panel finds that the thermal energy load forecast of 1,115,063 M# is reasonable for the purpose of setting 2025 rates.	5
The Panel directs Creative Energy to provide in its next RRA, a comparison between the forecast and actual loads for the Core TES for the previous test year, including an explanation of any significant variances. The Panel also directs Creative Energy to provide in its next RRA, the model’s error rate between forecast and actual loads over the 2025 period and an analysis of whether the model’s forecast loads continue to fall within the 95 percent confidence interval on a five-year trailing basis.	5
The Panel has also reviewed and approves the adjustments proposed by Creative Energy in response to BCUC IRs 6.2, 10.1 and 11.4, which relate to Extended Health Benefit costs, Maintenance of General Plant costs, and Administrative and General costs. Creative Energy is directed to update its financial schedules and rates to reflect these adjustments in its final compliance filing.	7

[T]he Panel approves the thermal energy service rates as set forth in Appendix B to the Evidentiary Update for customers connected to the Core TES, on a permanent basis, effective January 1, 2025, subject to the directives and determinations set out in this decision and the accompanying order. Creative Energy is directed to: • File with the BCUC, within 45 days of this decision, a final compliance filing that includes revised financial schedules, tariff pages, and rates that reflect the adjustments directed in this decision; and • Refund to or recover from ratepayers the difference between the interim thermal energy service rates collected and the permanent rates, with interest at Creative Energy's weighted average cost of debt, in the next billing cycle following the BCUC's acceptance of the final compliance filing.	7
[T]he Panel directs Creative Energy to file a complete long-term workforce strategy in its next RRA containing the content outlined on pages 25 and 26 of the 2023 RRA Decision.	13
[T]he Panel does not approve recovery of the 2025 forecast Wages and Benefits costs for the General Manager position in the 2025 rates. The Panel directs Creative Energy to remove the 2025 forecast Wages and Benefits costs associated with the General Manager position from the financial schedules to be filed as part of the final compliance filing and to update the resulting rates and tariff accordingly.	13
[T]he Panel denies recovery of six months of wages and benefits costs for the Regulatory Affairs Manager and the Lead, Low Carbon Energy Partnership positions. Should either role remain vacant at the time of the final compliance filing, Creative Energy is directed to remove the entire 2025 wages and benefits costs associated with the associated position(s) from the 2025 revenue requirements and rates. In either case, Creative Energy is directed to reflect the appropriate adjustments in the financial schedules to be filed as part of the final compliance filing.	13
[T]he Panel directs Creative Energy to include the following information in all future RRAs for all management positions that charge a portion of their time to the Core TES: (i) breakdown of all positions allocated to the Core TES, broken down by business unit; (ii) the percentage of time each position is forecast to spend on Core TES work; and (iii) an explanation of any changes in allocations by business unit compared to the previous RRA and how this change impacts the Core TES.	14
The Panel directs Creative Energy to report on the efficiencies gained from this transition, both quantitative (such as performance metrics or cost savings) and qualitative, in the first RRA filed at least six months following the completion of the transition.	15

[T]he Panel directs Creative Energy to include in all future RRAs, breakdowns of IT Services costs by cost category (including General IT and CyberSecurity costs) with an explanation of any significant variances between the test year's forecast costs and the prior year's approved and actual costs.	15
The Panel directs Creative Energy to file, as part of its 2026 RRA, any actions it has taken or plans to take in order to monitor and mitigate risks related to insurance claims and the associated financial impacts.	17
The Panel therefore approves the establishment of the LRDDA, attracting Creative Energy's weighted average cost of capital, to record up to $350,000 in third-party consulting costs for the Core TES rate design. Creative Energy is directed to propose an amortization period for the deferral account in its 2026 RRA.	19–20
[The Panel] direct[s] Creative Energy, in its next RRA, to report on the timing and forecast costs associated with extending the life of the steam production plant due to the Redevelopment Project delay.	22
[T]he Panel directs Creative Energy to file as part of its 2026 RRA, a manhole inventory framework that reports the age, condition, remaining useful life, and replacement priority of each manhole in the Core TES.	23
[T]he Panel directs Creative Energy to provide, in its 2026 RRA filing, the rationale for allocating all regulated IT capital additions to the Core TES, and to identify whether a different allocation across all regulated operations is warranted.	24
The Panel approves Creative Energy to amortize the 2025 forecast balance of $58,909 related to third-party regulatory costs in the TPRCDA, which excludes third-party LTRP consulting costs, and approves a one-year amortization period for the deferral account on a go-forward basis.	25
[T]he Panel directs the establishment of a Long-Term Resource Plan Deferral Account (LTRPDA) to record both the existing third-party consulting costs related to the LTRP activities currently recorded in the TPRCDA and any future such costs.	25
Creative Energy is also directed to include details and justification of the LTRP third-party consulting costs recorded in the LTRPDA and propose an amortization period for the LTRPDA as part of its 2026 RRA.	25

<table>
<tr><td>The Panel approves the Amended Terms of Service for each of the three premises connected to the Butterfly Development hot water distribution network on a permanent basis, effective November 1, 2024, including the following system contribution charges:
a. Nelson Burrard Holdings Inc. (now the strata corporation), Residential Tower: fixed monthly charge of $9,516 over a 30-year term.
b. The First Baptist Church of Vancouver, Church and Podium: fixed upfront charge of $514,960; and
c. The First Baptist Church of Vancouver, Rental Residential Building: fixed upfront charge of $96,420.</td><td>29</td></tr>
<tr><td>The Panel approves, effective November 1, 2024, Creative Energy to set the thermal energy service rates, FCAC and FCAC rate rider, and RVDA rate rider for the Butterfly Development hot water distribution network at the same rates as those approved, from time to time, for the NEFC hot water distribution network on an ongoing basis.</td><td>31</td></tr>
<tr><td>For the Butterfly Development hot water distribution network, the Panel approves Creative Energy to charge the following rates on a permanent basis:
• The same 2024 thermal energy service rates as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to December 31, 2024.
• The same FCAC and FCAC rate rider as those approved to charge customers of the NEFC hot water distribution network, effective November 1, 2024 through to July 31, 2025.
• The RVDA rate rider at the same rate approved to charge customers of the NEFC hot water distribution network, set at $2.54/MWh for a period of 24 months and effective January 1, 2025.</td><td>31–32</td></tr>
<tr><td>Creative Energy is directed to refund to or recover from ratepayers the difference between the interim and the permanent rates, with interest at Creative Energy’s weighted average cost of debt, in the next billing cycle following the BCUC’s acceptance of the final compliance filing.</td><td>32</td></tr>
<tr><td>Creative Energy’s NEFC system contribution charge of $10.99/MWh is approved on a permanent basis, effective January 1, 2025.</td><td>33</td></tr>
</table>

[T]he Panel directs Creative Energy to revise its tariff for the Core TES by removing the NEFC and Butterfly Development descriptors and instead referring more generally to customers connected to the hot water distribution networks, except for the references to NEFC and the Butterfly Development for the applicable system contribution charge, and to file the revised tariff as part of the final compliance filing.	34