

September 12, 2025

Sent via email

**Letter L-26-25**

**Re: Bluestem Multi-Utility Services ULC – The Rise – Complaint filed by B.D. – British Columbia Utilities Commission Decision**

Dear [REDACTED]:

The British Columbia Utilities Commission (BCUC) writes with respect to your complaint filed on January 27, 2025 (Complaint), regarding the buy-out fee quoted to you by Bluestem Multi-Utility Services ULC (BMUS) for the purchase of the loop field system (LFS) installed at your premises located at The Rise development in Vernon, British Columbia. Upon inquiring about the current buy-out fee for your LFS, you received a quote from BMUS for [REDACTED] (LFS Purchase Price). You allege that there was a lack of transparency regarding how the LFS Purchase Price was calculated, and that the quoted amount is inconsistent with previous communications from BMUS and Corix, who originally installed the LFS and later merged with SouthWest Water and became “Bluestem Utilities”. BMUS submits, among other things, that the LFS fits the criteria of a Micro thermal energy system (TES), which should inform the scope of the BCUC’s review of the Complaint.

The BCUC initiated the complaints process on January 27, 2025, following receipt of the Complaint. Each party filed additional correspondence with the BCUC between January 30 and April 21, 2025.

### **Review Process**

The BCUC is an independent regulatory agency of the Provincial Government that operates under and administers the *Utilities Commission Act* (UCA). Pursuant to the BCUC Customer Complaints Guidelines, the BCUC must first determine if a complaint falls within the BCUC’s jurisdiction before reviewing it.

For TES such as your LFS, the BCUC’s regulatory jurisdiction is described in the Thermal Energy System Guidelines (TES Guidelines).<sup>1</sup> The BCUC performs several functions as the regulator of TES providers, including (but not limited to) overseeing the operation of a TES, including the reliability and safety of a TES, and hearing complaints regarding a TES provider. The BCUC has organized TES into categories known as Strata TES, Micro TES, Fixed-Scale TES, and District TES based on criteria including the cost and scope of the TES, and exempted certain categories of TES from aspects of the BCUC’s regulatory oversight. Specifically, Micro TES providers are exempt from all of Part 3 of the UCA, with certain exceptions.<sup>2</sup>

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<sup>1</sup> Issued by Order G-48-25. The TES Guidelines are available at: <https://docs.bcuc.com/documents/Guidelines/TES-Guidelines.pdf>

<sup>2</sup> See Order G-46-25, which exempts Micro TES from Part 3 of the UCA, except for sections 23, 25, 38, and 41 to 44.

The BCUC issued the most recent version of the TES Guidelines on February 26, 2025, which included new eligibility criteria for the Micro TES exemption.<sup>3</sup> However, TES that were in-service prior to February 26, 2025, and that have a capital cost less than \$500,000 are considered to be “Legacy Micro TES”, reflecting the eligibility criteria for Micro TES established by the prior version of the TES Guidelines. The Micro TES exemption also applies to Legacy Micro TES providers.<sup>4</sup>

Micro TES providers are exempt from active regulation by the BCUC for the specific TES. Therefore, a Micro TES provider does not need to seek BCUC approval to construct the Micro TES and does not need to seek BCUC approval for the rates charged to its customer(s).

Complaints may be filed with the BCUC regarding Micro TES providers,<sup>5</sup> including about matters related to safety and reliability and certain matters related to rates and terms of service. The scope of rate-related complaints is limited to:

- Accordance with regulatory requirements: The rates, rate adjustment method (as applicable) and/or terms of service were not disclosed in the long-term service agreement for the term of the agreement and/or the long-term service does not meet the minimum requirements established by these guidelines.
- Accordance with long-term service agreement: The rates charged and/or the terms of service do not conform to the long-term service agreement between the Micro TES Provider and the TES customer.

The BCUC will not consider the propriety of rates so long as the Micro TES provider is charging rates that are in accordance with the long-term service agreement.

### Party Submissions

In your Complaint, you provided past buyout quotes that appear to indicate that other residents of The Rise have been offered the opportunity to purchase their LFS for lower purchase prices than the price offered to you, despite their systems being the same size, and in service for a shorter period of time than yours. In addition, you provided a letter from a representative of Corix to residents of The Rise in 2009 that appeared to indicate that Corix may have been using a different calculation methodology to determine the purchase price for other LFS. Specifically, the letter indicates that the LFS buyout cost would decline to approximately [REDACTED]. You allege that this is inconsistent with your quoted buyout amount of [REDACTED] your LFS being in service for over [REDACTED].

On February 4, 2025, the BCUC requested further information from BMUS regarding the characteristics of the LFS in order to determine the appropriate categorization of your LFS within the TES Guidelines. In response, BMUS provided the following information on February 24, 2025:

- Each LFS was installed between [REDACTED].
- The systems range from [REDACTED] to [REDACTED] and have an average capital cost between [REDACTED] and [REDACTED] depending on the size.

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<sup>3</sup> Order G-48-25.

<sup>4</sup> TES Guidelines, section 2.1.

<sup>5</sup> Including with respect to Legacy Micro TES – see the TES Guidelines, section 2.1.

- The [REDACTED] individual systems are operated independently and all of them have a capital cost less than \$500,000. Therefore, BMUS submits that each individual system falls within the Micro TES category.

On March 25, 2025, the BCUC issued additional questions to BMUS to obtain further information about the calculation of the quotes provided to you, as well as the contractual relationship between BMUS and its customers. In its April 9, 2025 response, BMUS provided:

- A detailed breakdown of the calculation of the quoted LFS purchase price (updated as of April 8, 2025), which consists of the following components:

[REDACTED]

- A copy of the long-term service agreement for your LFS as well as the associated terms and conditions of the agreement.

BMUS highlights Section 22 of the terms and conditions, which provides the following formula for the calculation of the purchase price for customers who wish to purchase their LFS:

[REDACTED]

\* as determined by the Company in its sole discretion

In its responses dated April 9, 2025, BMUS also addressed the allegations in your Complaint. BMUS stated, with respect to the 2009 correspondence from the Corix representative indicating that LFS buyout costs would decline to approximately [REDACTED], that the management team that oversaw The Rise is no longer with BMUS and BMUS cannot speak to incidents/communications prior to December 2022. However, BMUS stated that since the change in management it has consistently communicated its pricing in line with the relevant terms and conditions. Regarding the lower purchase price offered to another customer, BMUS noted that it does not understand why this other customer received a discount, but that BMUS is committed to being consistent on the pricing of the LFS going forward.

### Determination

As all of the LFS at The Rise, including yours, are operated independently, the BCUC finds it appropriate that your LFS be treated as an individual TES. As BMUS confirmed that your LFS has an in-service date prior to February 26, 2025 and a capital cost less than \$500,000, the BCUC finds that your LFS is a Legacy Micro TES. The Panel observes that the allegations in the Complaint pertain to the fairness of the quoted purchase price for your LFS. Given the scope of BCUC's review of complaints for Legacy Micro TES as per the TES Guidelines, the BCUC finds that the scope of its review of the Complaint is limited to determining whether BMUS has provided a quote that is in conformance with its long-term service agreement. The reasonableness of the LFS

Purchase Price calculation methodology is outside of the scope of the BCUC's review.

Based on the BCUC's review of the Complaint and the further information and correspondence provided by you and BMUS, the BCUC finds that BMUS has acted in conformance with its long-term service agreement. We note that Section 22 of the terms and conditions of the long-term service agreement indicates that both components of the LFS Purchase Price formula are "*as determined by the Company [BMUS] in its sole discretion*". As such, the BCUC considers that BMUS acted in accordance with its service agreement in its determination of the amounts that were used to calculate the quoted LFS Purchase Price for your LFS. In particular, regardless of the LFS Purchase Price amounts that were previously applied to other customers in the past, the BCUC finds that BMUS was entitled to determine the components of the LFS Purchase Price for your LFS in its sole discretion. The Panel also notes that BMUS has provided an explanation for the calculation of the LFS Purchase Price that it has provided to you.

Further, the BCUC highlights Section 29 of the terms and conditions, which states that "*No employee contractor or agent of the Company [BMUS] has authority to make any promise, agreement or representation not incorporated in these terms and conditions or in a Service Agreement, and any such unauthorized promise, agreement or representation is not binding on the Company*". As such, the BCUC finds that BMUS is not bound by the 2009 communication provided by a Corix representative regarding the calculation of the LFS Purchase Price.

Accordingly, the Complaint is dismissed, and your file is now closed.

### **Office of the Ombudsperson**

If you have concerns about how the BCUC handled your Complaint, you may wish to contact the Office of the Ombudsperson. The Office of the Ombudsperson receives enquiries and complaints about the practices and services of public agencies within its jurisdiction. Their role is to impartially investigate complaints to determine whether public agencies have acted fairly and reasonably, and whether their actions and decisions were consistent with relevant legislation, policies and procedures.

If you decide to file a complaint with the Ombudsperson, they will review the BCUC's process to ensure it was fair. Though this may not result in a different outcome for you, the office could request that the BCUC reopen its investigation.

Provided is a link to the Office of the Ombudsperson's website: <https://www.bcombudsperson.ca>.

Sincerely,

*Electronically signed by Sara Hardgrave*

Sara Hardgrave  
Acting Commission Secretary

DS/jm

cc: BMUS Regulatory Affairs  
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