



ORDER NUMBER
G-302-25

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

and

Bluestem Multi-Utility Services ULC
Nexus Cost Allocation Methodology

BEFORE:

W. E. Royle, Commissioner

on December 15, 2025

ORDER

WHEREAS:

- A. On June 30, 2025, Bluestem Multi-Utility Services ULC (Bluestem) filed its proposed cost allocation methodology (Nexus CAM) with the British Columbia Utilities Commission (BCUC) further to Order G-279-23 (Application);
- B. Bluestem owns and operates several energy utility systems in British Columbia, including Sun Rivers Gas, Sun Rivers Electric, Sonoma Pines Gas, Sonoma Pines Electric, and a propane gas distribution system at Panorama Mountain Village (Panorama Propane);
- C. By Order G-39-02, the BCUC approved the Gas Tariff, General Terms and Conditions of Service for Panorama Propane which was then owned by Bluestem's predecessor, Toby Creek Utilities Co. Ltd. The rate structure includes a monthly basic charge, a delivery charge, and a gas cost recovery charge. The gas cost recovery charge was most recently updated by Order G-307-24;
- D. By Order C-13-05, the BCUC approved electric charges and natural gas charges for Sonoma Pines that maintain customer rates at levels equivalent to those of British Columbia Power and Hydro Authority (BC Hydro) and FortisBC Energy Inc. (formerly the Terasen Gas Inland Division), respectively. Similarly, by Order G-68-05, the BCUC approved electric charges and natural gas charges for Sun Rivers that maintain customer rates at levels equivalent to those of BC Hydro and FortisBC Energy Inc., respectively (collectively, Indexed Rate);
- E. By Decision and Order G-279-23 regarding the Corix Multi-Utility Services Inc. (CMUS) Application for Approvals relating to Restructuring and Business Combination Transactions, the BCUC directed, among other things, that CMUS (now Bluestem) file any proposed changes to the cost allocation methodology, approved by Order G-349-20, with the BCUC for approval prior to implementation;
- F. By Orders G-221-25 and G-249-25, the BCUC established the regulatory timetable for the review of the Application, which included one round of BCUC information requests, one round of Panel information

requests, letters of comment and final arguments. The BCUC received two letters of comment in this proceeding;

- G. Bluestem requests that the BCUC hold i) the Nexus CAM, ii) the Support Services Agreement between Nexus Water Group, Inc. and Bluestem, and iii) the unredacted version of the Evaluation of Methodology for Allocating Corporate Support Services Expenses dated December 2024 prepared by Baryenbruch & Company, LLC and related materials confidential for an indefinite period of time due to their commercially sensitive nature; and
- H. The BCUC has completed its review of the Application, evidence, and submissions filed in the proceeding and finds the following determinations are warranted.

NOW THEREFORE for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

- 1. Bluestem is directed to file a status update with the BCUC by no later than October 30, 2026 regarding Bluestem's intention to either maintain the Indexed Rate setting mechanism or file a rate application for each of Sun Rivers Electric, Sun Rivers Gas, Sonoma Pines Electric, and Sonoma Pines Gas. The status update must include an explanation supporting the proposed approach and the estimated timing of any planned future rate applications.
- 2. The unredacted version of the Application and other materials filed confidentially in this proceeding will be held confidential unless the BCUC determines otherwise.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of December 2025.

BY ORDER

Electronically signed by Wendy Royle

W. E. Royle
Commissioner

DECISION

1.0 Introduction

Bluestem Multi-Utility Services ULC (Bluestem) is a subsidiary of Nexus Water Group, Inc. (Nexus) and is formerly known as Corix Multi-Utility Services Inc. (CMUS). The merger of Corix Infrastructure Inc.'s (CII) water utility and wastewater and related businesses and the water utility and wastewater business of SouthWest Water Company (Merger) created two distinct organizations: (i) the businesses that were included in the Merger, which came together to become Nexus, and (ii) Corix's district energy business, which was transferred out prior to the Merger and has retained the "Corix" brand following the Merger.¹

On November 16, 2022, CMUS and SW Merger Acquisition Corp. applied to the British Columbia Utilities Commission (BCUC) for approval of certain steps of a proposed restructuring involving CMUS and a proposed business combination involving the acquisition of a reviewable interest in CMUS. By Decision and Order G-279-23, the BCUC directed, among other things, that CMUS (now Bluestem) file any proposed changes to the cost allocation methodology, approved by Order G-349-20, with the BCUC for approval prior to implementation.²

As directed by the BCUC, on June 30, 2025, Bluestem filed its proposed cost allocation methodology (Nexus CAM) with the BCUC further to Decision and Order G-279-23 (Application). Bluestem states the Nexus CAM will apply to all affiliates in the Nexus group including the subsidiaries that operate water utilities serving approximately 1.3 million customers in two Canadian provinces and 20 American states.³

The BCUC-regulated public utilities owned and operated in British Columbia by Bluestem are Sun Rivers Gas, Sun Rivers Electric, Sonoma Pines Gas, Sonoma Pines Electric, and a propane gas distribution system at Panorama Mountain Village (Panorama Propane) (collectively, Bluestem Utilities).⁴ This Application does not pertain to Corix's district energy systems.⁵

1.1 Regulatory Process

The BCUC established the regulatory timetable for the review of the Application, which included one round of BCUC information requests, one round of Panel information requests, letters of comment and final arguments.⁶ The BCUC received letters of comments from Bighorn Golf and Country Club and the Community of Sun Rivers Owners Association, both of which represent customers of Sun Rivers Gas and Sun Rivers Electric.⁷

¹ Exhibit B-1, PDF p. 1.

² Decision and Order G-279-23, p. 16.

³ Exhibit B-1, p. 3.

⁴ Exhibit B-1, p. 2.

⁵ Exhibit B-1, PDF p. 1.

⁶ Orders G-221-25 and G-249-25.

⁷ Exhibit D-1, Exhibit D-2.

2.0 Issues Arising

Bluestem explains that it receives services that are necessary to manage the Bluestem Utilities from its affiliates in the Nexus group pursuant to a services agreement. Under the services agreement, Nexus passes on to Bluestem the cost of the services it provides in accordance with the cost allocation methodology described in the Nexus CAM.⁸ Bluestem filed a copy of the Nexus CAM and the services agreement between Nexus and Bluestem confidentially with the BCUC in Appendix A and Appendix B of the Application, respectively.

In 2005, the BCUC approved electric charges and natural gas charges for Sonoma Pines and Sun Rivers to maintain customer rates at levels equivalent to those of British Columbia Power and Hydro Authority (BC Hydro) and FortisBC Energy Inc. (formerly the Terasen Gas Inland Division), respectively (Indexed Rate).⁹ Sun Rivers Electric, Sun Rivers Gas, Sonoma Pines Electric, and Sonoma Pines Gas are collectively referred to as the “Indexed Rate Utilities” in this decision. Panorama Propane’s rates are not indexed.¹⁰

Bluestem explains that Bluestem Utilities will not experience any changes following the implementation of the Nexus CAM because the rates of the Bluestem Utilities are equivalent to those of BC Hydro or FEI or based on propane supply costs, as applicable, and are not set on a cost-of-service model.¹¹ For Panorama Propane, the basic charge and delivery charge have not been updated since 2002.¹² The gas cost recovery charge is updated from time to time based on propane supply costs for Panorama Propane.¹³

The following sections summarize Bluestem’s submissions and the letters of comment received with respect to the following topics:

- 1) Requirement for BCUC approval of the Nexus CAM
- 2) Nexus CAM
- 3) Anticipated future filings
- 4) Confidentiality

2.1 Requirement for BCUC Approval of the Nexus CAM

Bluestem submits that the Application complies with the BCUC directive contained in Decision and Order G-279-23, and in particular the requirement to file proposed changes to the CAM prior to implementation.¹⁴ Bluestem clarifies that its Application does not request any approvals from the BCUC because no approvals are currently required.¹⁵ Bluestem elaborates that costs allocated to the Bluestem Utilities in accordance with the Nexus CAM are included in the Bluestem financial results. However, the rates of the Bluestem Utilities are not set based on a cost-of-service methodology.¹⁶ Therefore, the set rates and resulting revenues are not directly tied to the utility’s costs.¹⁷

⁸ Exhibit B-1, p. 3.

⁹ Orders C-13-05 and G-68-05.

¹⁰ Exhibit B-4, BCUC IR 2.4.

¹¹ Exhibit B-1, p. 4.

¹² [Panorama Mountain Village Propane Gas Tariff](#); Order G-39-02.

¹³ Exhibit B-1, pp. 2, 4.

¹⁴ Bluestem Final Argument, p. 2.

¹⁵ Bluestem Final Argument, p. 2.

¹⁶ Exhibit B-1, p. 2.

¹⁷ Exhibit B-4, BCUC IR 2.3.

Accordingly, the proposed changes to the cost allocation methodology post-Merger will not impact the rates charged to customers of the Bluestem Utilities.¹⁸ Bluestem further states it would not object to the BCUC approving the Nexus CAM in this proceeding. However, such approval is not necessary at this time for Bluestem to continue carrying on all aspects of its public utility business in BC, including charging rates.¹⁹

2.2 Nexus CAM

With respect to the Nexus CAM's appropriateness and potential impact on Bluestem Utilities' customers, Bluestem states the Nexus CAM was prepared in accordance with the Guidelines for Cost Allocations and Affiliate Transactions published by the National Association of Regulatory Utility Commissioners. Nexus commissioned a report by a third party, Baryenbruch & Company, LLC, to evaluate the Nexus CAM, in which a comparative analysis of the Nexus CAM with the legacy cost allocation methodologies of CII and SouthWest Water Company was conducted.²⁰ Baryenbruch & Company, LLC notes the Nexus CAM does not represent a significant change from the legacy allocation methodologies used by Corix and SouthWest. Accordingly, there should not be material shifts in allocations received by operating companies. Baryenbruch & Company, LLC concludes that the Nexus CAM is reasonable and fair to the utility companies' customers and meets the Guidelines for Cost Allocations and Affiliate Transactions published by the National Association of Regulatory Utility Commissioners.²¹

In terms of implementation of the Nexus CAM and how it would impact Bluestem Utility customers, Bluestem explains the difference for a Bluestem Utility under the hypothetical scenario if it is on indexed rates versus cost-of-service rates. For a Bluestem Utility on indexed rates, as is currently the case for the Indexed Rate Utilities, Nexus CAM costs applicable to the utility are included in the utility's financial results. However, the rates are not set based on a cost-of-service methodology; therefore, it is unclear what specific costs are being recovered, as the set rate and resulting revenues are not directly tied to the utility's costs.²² On the other hand, for a Bluestem Utility that is cost-of-service regulated, if Nexus CAM costs applicable to the utility are included in a rate application and approved for recovery, the Nexus CAM costs would be recovered in rates to the extent actual costs are aligned with authorized expense recovery.²³ For Panorama Propane, Bluestem confirms the rates are not indexed.²⁴ However, Bluestem is unclear whether the new Nexus CAM will affect Panorama Propane's basic and delivery charges, as may be proposed in a future revenue requirement application (RRA). Bluestem will carry out a cost-of-service review in preparation for its next Panorama Propane RRA and will communicate the Nexus CAM impact, if any, within the application.²⁵

With regards to the anticipated rate impact on each of the Indexed Rate Utilities resulting from the Nexus CAM if those four utilities were to charge cost-of-service rates, Bluestem does not have appropriate cost of service financial models and/or inputs to such models to calculate what cost of service rates would be using the former Corix CAM versus the Nexus CAM.²⁶ Bluestem explains it is presently engaged in outsourcing a comprehensive depreciation analysis of all assets held by these utilities, serving as an initial step in the preparation for

¹⁸ Exhibit B-1, p. 2.

¹⁹ Exhibit B-4, BCUC IR 1.1.

²⁰ Exhibit B-1, p. 3; Appendix C.

²¹ Exhibit B-1, Appendix C, pp. 2-3.

²² Exhibit B-4, BCUC IR 2.3.

²³ Exhibit B-4, BCUC IR 2.3.

²⁴ Exhibit B-4, BCUC IR 2.5.

²⁵ Exhibit B-4, BCUC IR 2.5.2.

²⁶ Exhibit B-4 BCUC IR 2.1.

subsequent cost-of-service rate estimations²⁷. Bluestem expects the completion of this study by March 2026. The results of this analysis will guide the formulation of cost-of-service models for each utility.²⁸ However, Bluestem submits that BCUC does not need indicative rates using the former Corix CAM to determine whether the Nexus CAM is reasonable.²⁹

Letters of comment have raised concerns regarding potential rate increase resulting from the Nexus CAM.³⁰ In reply, Bluestem submits following the Merger, it was necessary for Nexus to consider appropriate cost allocation methodologies for the combined organisation going forward.³¹ Bluestem further submits the Nexus CAM does not represent a significant change from the previous Corix CAM and should not result in material shifts in allocations to Bluestem and the Bluestem Utilities, including the electricity and natural gas distribution utilities at Sun Rivers, as compared to the status quo.³²

2.3 Anticipated Future Filings

Bluestem states although the implementation of the Nexus CAM does not impact the rates of the Bluestem Utilities in 2025, Bluestem notes it intends to file a RRA with the BCUC for Sun Rivers Electric in the third quarter of 2026 and for Sun Rivers Gas in the third quarter of 2027.³³ Bluestem states the extended timeline reflects Bluestem's need to complete pre-RRA assessments, including depreciation studies, cost-of-service reviews, and capital planning. These steps are essential to ensure the accuracy and completeness of the filings. The extended timeline also reflects Bluestem's limited resources to complete the required work.³⁴ Bluestem further states that it is currently undergoing a post-Merger strategic review, and as such, no material changes are anticipated in the utilities at Sonoma Pines and Panorama in the near term. Therefore, currently, Bluestem does not intend to file an RRA for these utilities. Bluestem states it will continue to monitor the situation and engage with the BCUC should circumstances evolve.³⁵

Bluestem submits it understands that a BCUC-directed RRA filing deadline will ensure timely regulatory oversight and transparency, and promote some level of consistency across utilities. However, this action will not account for Bluestem-specific operational constraints, can lead to inadequate preparation of data required for the filings and will limit the utility's flexibility in aligning RRAs with internal planning cycles.³⁶

2.4 Confidentiality

Bluestem requests the BCUC to hold the following information confidential for an indefinite period of time due to its commercially sensitive nature:

- i) the Nexus Cost Allocation Methodology, filed as Appendix A to the Application;
- ii) the Support Services Agreement between Nexus Water Group, Inc. and Bluestem Multi-Utility Services ULC, filed as Appendix B to the Application; and

²⁷ Exhibit B-5, Panel IR 1.1.

²⁸ Exhibit B-5, Panel IR 1.1

²⁹ Exhibit B-5, Panel IR 1.2.

³⁰ Exhibit D-1, PDF p. 2; Exhibit D-2, PDF p. 3.

³¹ Bluestem Final Argument, p. 6.

³² Bluestem Final Argument, p. 6.

³³ Exhibit B-1, p. 4; Exhibit B-4, BCUC IR 2.2.

³⁴ Exhibit B-4, BCUC IR 2.2.

³⁵ Exhibit B-4, BCUC IR 2.2.2.

³⁶ Exhibit B-4, BCUC IR 2.2.1.

- iii) the unredacted version of the Evaluation of Methodology for Allocating Corporate Support Services Expenses dated December 2024 prepared by Baryenbruch & Company, LLC, filed as Appendix C to the Application.

Bluestem explains that the Nexus CAM is an internal document used by Nexus to manage the implementation of Nexus's chosen cost allocation methodology across its operating subsidiaries. The release of the Nexus CAM and the information contained therein could subject Bluestem and Nexus to substantial harm and loss of competitive advantage resulting in agreements that are unfavourable for existing or future customers.³⁷

Bighorn Golf and Country Club and the Community of Sun Rivers Owner Association expressed concern and dissatisfaction that, in their submissions, the majority of the Application is confidential or has been redacted, which provides minimal information to evaluate the request.³⁸

In reply, Bluestem submits that Bluestem and Nexus would agree to providing the information to representatives of the Bighorn Golf & Country Club and the Community of Sun Rivers Owner Association subject to non-disclosure agreements, and proposes to address this matter with such representatives separate from this BCUC proceeding and prior to any Bluestem RRA relating to natural gas and electricity services at Sun Rivers.³⁹

3.0 Overall Panel Determination

The Panel finds that, by filing the Application, Bluestem has complied with the directive in Decision and Order G-279-23 for Bluestem to file any proposed changes to the cost allocation methodology, as approved by Order G-349-20, with the BCUC for approval prior to implementation. However, the Panel makes no determination regarding the approval of the Nexus CAM at this time.

The Panel accepts Bluestem's submission that approval of the Nexus CAM is not required at this time as the Nexus CAM and the associated allocated cost to Bluestem do not impact rates currently charged to customers by any of the Bluestem Utilities. The Panel notes the concerns raised by letters of comments regarding potential rate changes and rate impacts resulting from the Nexus CAM, and notes that any rate changes for the Bluestem Utilities would be subject to BCUC review and approval before they become lawful, enforceable and collectable pursuant to sections 59 to 61 of the *Utilities Commission Act*.⁴⁰

The Panel considers that it would be more appropriate to review the reasonableness of the allocated corporate service costs to each Bluestem Utility based on the Nexus CAM, as applicable, at each Bluestem Utility's future rate proceeding, as it arises. This will allow for a holistic and comprehensive review. In the absence of information in the Application on the actual allocation of costs and resulting rate impact on each of the Bluestem Utilities, the Panel lacks sufficient information to determine the reasonableness of the Nexus CAM and whether or not it will result in unjust, unreasonable, unduly discriminatory or unduly preferential rates for Bluestem Utilities' customers.

The Panel recognizes Bluestem is currently undertaking a comprehensive depreciation analysis of all the assets held by the Bluestem Utilities, serving as an initial step in the preparation for subsequent cost-of-service rate estimations. Bluestem expects to complete this study by March 2026, the results of which will guide the formulation of cost-of-service models for each utility.⁴¹ As described in Section 2.3 of the decision, Bluestem anticipates filing its RRA for Sun Rivers Electric in the third quarter of 2026 and for Sun Rivers Gas in the third

³⁷ Exhibit B-1, p. 4.

³⁸ Exhibit D-1, p. 1; Exhibit D-2, p. 1.

³⁹ Bluestem Final Argument, pp. 7-8.

⁴⁰ *Utilities Commission Act*

⁴¹ Exhibit B-5, Panel IR 1.1.

quarter of 2027. The Panel notes while the Bluestem Utilities are not impacted by the Nexus CAM due to the lack of any RRA at this time, and that the Indexed Rate Utilities are not impacted by the Nexus CAM due to their Indexed Rate setting mechanism, the allocated cost to all Bluestem Utilities continues to impact the financial results of each utility. As such, the Panel considers it to be important to stay informed regarding Bluestem's plans on the rate setting method for the Bluestem Utilities going forward.

Therefore, the Panel directs Bluestem to file a status update with the BCUC by no later than October 30, 2026 regarding Bluestem's intention to either maintain the Indexed Rate setting mechanism or file a rate application for each of Sun Rivers Electric, Sun Rivers Gas, Sonoma Pines Electric, and Sonoma Pines Gas. The status update must include an explanation for the proposed approach and the estimated timing of any planned future rate application. Since Panorama Propane's rates are not indexed, the Panel expects any impact to Panorama Propane's basic and delivery charges arising from the implementation of the Nexus CAM would be addressed in a future delivery rate application. The Panel is satisfied for Bluestem to determine the need for and the timing of a future delivery rate application for Panorama Propane, and notify the BCUC as needed. The Panel encourages Bluestem to engage with its customers in preparation for any upcoming rate applications.

The Panel has reviewed Bluestem's request for confidentiality in light of the criteria set out in Rule 25.01 of the BCUC's Rules of Practice and Procedure,⁴² and finds that approval of Bluestem's request for confidential treatment is warranted for the reasons put forward by Bluestem. **As such, the unredacted version of the Application and other materials filed confidentially in this proceeding will be held confidential unless the BCUC determines otherwise.** The Panel is satisfied by Bluestem's commitment to address the disclosure of information to customer representatives separately from this BCUC proceeding and prior to the filing of any Bluestem RRA relating to natural gas and electricity services at Sun Rivers.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of December 2025.

Electronically signed by Wendy Royle

W. E. Royle
Commissioner

⁴² Order G-192-25.