



ORDER NUMBER
G-31-26

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

and

Corix Dockside Green DE Limited Partnership
Corix Dockside Green DE 2025 to 2028 Revenue Requirements and Rates

BEFORE:

W.E. Royle, Panel Chair
E.B. Lockhart, Commissioner

on February 23, 2026

ORDER

WHEREAS:

- A. On June 3, 2025, Corix Dockside Green DE Limited Partnership (Corix) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA), seeking approval of the revenue requirement and rates for Dockside Green Energy (DGE) from July 1, 2025 to December 31, 2028 (Test Period), with Basic Charge rates effective July 1, 2025, January 1, 2026, January 1, 2027 and January 1, 2028 (Application);
- B. By Order G-248-19 dated October 16, 2019, the BCUC approved, among other things, a five-year levelized rate structure with a Basic Charge, and a separate Variable Energy Charge, for DGE. In the same order, the BCUC approved the continuation of a Revenue Deficiency Deferral Account (RDDA), which was previously approved by Order G-166-18;
- C. On November 29, 2024, the BCUC issued Decision and Order G-321-24 on Stage 2 of the Generic Cost of Capital proceeding, which established Corix’s allowed return, effective January 1, 2024;
- D. In a compliance filing to Order G-321-24, Corix filed with the BCUC the revised rate and rate schedule for DGE, incorporating DGE’s new allowed return, which resulted in a Basic Charge of \$0.4260 per square metre (m²) per month effective January 1, 2025;
- E. In the Application, among other things, Corix requests approval to increase the Basic Charge, effective July 1, 2025, and to set the Basic Charge for 2026 to 2028, effective January 1 of each year, as outlined below:

	July 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
Proposed Basic Charge (\$/m ² per month)	0.5538	0.6923	0.7961	0.8916

- F. By Orders G-153-25 and G-291-25, the BCUC approved a Basic Charge of \$0.5538 per m² per month, on an interim and refundable/recoverable basis, effective July 1, 2025 and January 1, 2026;
- G. By Orders G-153-25 and G-245-25, the BCUC established and amended the regulatory timetable, which included letters of comment from the public, intervener registration, one round of BCUC and intervener information requests and written arguments;
- H. Corix requests that the financial model accompanying the Application and certain other documents in the proceeding be held confidential; and
- I. The BCUC has considered the Application, evidence and arguments filed in the proceeding and makes the following determinations.

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

1. Corix is approved to charge, on a permanent basis, a Basic Charge of \$0.5538/m² per month effective July 1, 2025, \$0.6923/m² per month effective January 1, 2026, \$0.7961/m² per month effective January 1, 2027, and \$0.8916/m² per month effective January 1, 2028, as adjusted in accordance with the directives and determinations outlined in this order and the accompanying decision.
2. Corix is directed to adjust the Corporate and Regional Services Costs to \$276,846 in 2025, \$285,150 in 2026, \$293,705 in 2027 and \$302,516 in 2028 for the purpose of setting Basic Charge rates for the Test Period, subject to an adjustment to reflect that the Test Period starts on July 1, 2025.
3. Subject to adjustments to reflect the directives and determinations outlined in this order and the accompanying decision, Corix's forecast revenue requirement for the Test Period is approved as set out in the decision accompanying this order.
4. Corix is directed to file a compliance filing, including tariff pages for endorsement, with the BCUC by March 23, 2026 in accordance with the directives and determinations of the decision accompanying this order.
5. Corix is directed to record the variances between the interim and permanent rates, as a one-time adjustment in the RDDA following the BCUC's acknowledgement of the compliance filing set out in Directive 4.
6. Corix is directed to file its next Revenue Requirement and Rates Application (RRRA) by November 1, 2028.
7. Corix is directed to record the difference between the BCUC-approved forecast revenues at approved rates and the forecast cost of service in the RDDA for the Test Period.
8. Corix is approved to transfer the RDDA to a rate base regulatory account.
9. Corix is directed to maintain the Property Tax Deferral Account (PTDA) as a non-rate base deferral account accruing carrying charges at Corix's weighted average cost of capital (WACC) and to fully amortize any balance in the PTDA at the end of each test period over the test period of each subsequent RRRA through adjustments to the Basic Charge.
10. Corix is approved to discontinue Rate Rider 1 and the associated rate rider rate-setting mechanism effective April 1, 2026.

11. Corix is directed to establish a Regulatory Costs Variance Account (RCVA) as a non-rate base deferral account, accruing carrying charges at Corix's WACC, to record the variance between forecast and actual external regulatory costs. Corix is approved to fully amortize any balance in the RCVA at the end of the current Test Period over the next test period through adjustments to the Basic Charge.
12. Corix is directed to establish an Insurance Cost Variance Account (ICVA) as a non-rate base deferral account, accruing carrying charges at Corix's WACC, to record the variance between forecast and actual insurance costs. Corix is approved to fully amortize any balance in the ICVA at the end of the current Test Period over the next test period through adjustments to the Basic Charge.
13. Corix is approved to amortize the Generic Cost of Capital (GCOC) Variance Deferral Account balance through the Basic Charge over 12 months commencing on January 1, 2026.
14. Corix is approved to transfer any unamortized balance in the GCOC Variance Deferral Account at the end of the 12-month amortization period to the RDDA.
15. Corix's tariff amendments in the DGE tariff as set out in Appendix E in the Application are approved, subject to revisions to reflect the approved Basic Charge rates as set out in Directive 1 of this order.
16. The financial model accompanying the Application in Exhibit B-1-1, the list of customers notified of the Application in Exhibit B-2-1, and unredacted responses to BCUC information request No. 1 in Exhibit B-3-1 will be kept confidential unless otherwise directed by the BCUC.
17. Corix 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 23rd day of February 2026.

BY ORDER

Electronically signed by Wendy Royle

W. E. Royle
Commissioner

Corix Dockside Green DE Limited Partnership
Dockside Green DE 2025 to 2028 Revenue Requirements and Rates

DECISION

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Executive Summary

On June 3, 2025, Corix Dockside Green DE Limited Partnership (Corix) filed an application (Application) with the British Columbia Utilities Commission (BCUC) seeking approval of the revenue requirement from July 1, 2025 to December 31, 2028 (Test Period) and Basic Charge rates for its district energy utility, Dockside Green Energy (DGE). DGE provides thermal energy services for heat and hot water to the Dockside Green community in Victoria, British Columbia.

In 2018, the BCUC approved the establishment of a Revenue Deficiency Deferral Account (RDDA) for DGE with a \$1 million contribution from the utility's previous owner to offset revenue deficiencies and mitigate rate increases during the early years of Corix's utility operation, amid the ongoing build-out of the Dockside Green community. Corix initially forecast the \$1 million contribution would mitigate rate increases until the end of 2025.

In 2019, the BCUC approved a 5-year levelized rate structure including a Basic Charge escalated at three percent per year and the continuation of the RDDA. Under a levelized rate structure, a portion of the annual revenue requirement is deferred to the RDDA in the early stages of build-out to smooth-out rates for initial customers. The accumulated deficit in the RDDA is offset by higher forecast revenues in later years as the development completes its buildout.

In the Application, the first delivery rate application since 2019, Corix proposes to increase the 2025 Basic Charge rate by 30 percent effective July 1, 2025, followed by increases effective January 1 of 25 percent in 2026, 15 percent in 2027, and 12 percent in 2028 as summarized below:

	Approved	Proposed	Proposed	Proposed	Proposed
Effective Date	January 1, 2025	July 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
Basic Charge (\$/m ² per month)	0.4260	0.5538	0.6923	0.7961	0.8916

Corix submits that the increases in Basic Charge rates are necessary because the existing rates are insufficient to recover the cost of serving DGE and to maintain a reasonable RDDA balance. Corix submits that it was initially able to limit increases in Basic Charge rates due to the \$1 million contribution in the RDDA. However, delays in the build-out of the Dockside Green community have led to significantly lower than anticipated revenues for DGE, contributing to the growth of the RDDA and the depletion of the \$1 million contribution three years earlier than anticipated.

The Panel approves the forecast revenue requirement for the Test Period, subject to certain cost adjustments. In particular, while recognizing that operating costs will gradually increase over time, the Panel is concerned about the significant increase in Corix's forecast corporate and regional services costs after its restructuring in 2024. As such, the Panel approves corporate and regional services costs for the Test Period based on Corix's labour inflation factor.

The Panel approves Corix's Basic Charge rates as shown in the table above on a permanent basis subject to the adjustments set out in this decision. The Basic Charges reflect the cost for Corix to provide safe and reliable

service to DGE while revenues are delayed due to the developer's build-out progress. The Basic Charge rates are based on smoothing rates through the RDDA up to 2044, and striking an appropriate balance between mitigating short-term customer rate impacts and managing long-term financing costs related to deferring revenue requirements.

As for rate levelization, the Panel directs Corix to record the differences between the BCUC-approved forecast revenues at approved rates and the forecast cost of service in the RDDA for the Test Period. Corix faces little to no build-out uncertainty over the Test Period because no new customer connections are expected until 2030 and Corix is simply maintaining the operations of the DGE system at its current state. As such, Corix's forecast revenues should not differ substantially from its actual revenues. In light of these factors, the Panel considers Corix should be held to its forecast costs, subject to the adjustments set out in this decision, and allowed return over the Test Period. Disallowing variance treatment in the RDDA over the Test Period incentivizes Corix to operate efficiently and mitigates ratepayer risk by holding Corix to its forecast revenue requirement for the Test Period, as adjusted in accordance with this decision.

Corix is directed to file its next Revenue Requirement and Rates Application by November 1, 2028.

1.0 Introduction

On June 3, 2025, Corix Dockside Green DE Limited Partnership (Corix) filed an application (Application) with the British Columbia Utilities Commission (BCUC) seeking approval of the revenue requirement from July 1, 2025 to December 31, 2028 (Test Period) and basic charge rates for Dockside Green Energy (DGE). Corix proposes to increase its 2025 basic charge rate by 30 percent effective July 1, 2025, followed by increases effective January 1 of 25 percent in 2026, 15 percent in 2027, and 12 percent in 2028.

Corix, the legal entity that owns and operates DGE,¹ is a subsidiary of a privately held corporation, Corix District Energy Holdings GP Inc.² DGE is a district energy utility providing thermal energy service in the form of heat for space heating and domestic hot water to the Dockside Green community in Victoria, British Columbia.³

In this decision, the Panel sets out the key issues to be decided, provides an overview of the relevant evidence, considers positions of the parties involved in the proceeding, as well as letters of comment received, and provides reasons for the Panel's determinations regarding the Application.

1.1 History, Application and Regulatory Review Process

The district energy utility, previously Dockside Green Energy LLP (DGELLP), began serving customers in 2008 under a Certificate of Public Convenience and Necessity (CPCN).⁴ At the time, the Dockside Green development was forecast to complete build-out by 2014. However, due to slower than anticipated build-out, DGELLP incurred financial losses as revenues were insufficient to cover operating costs and maintain a manageable balance in the utility's long-term deferral account.⁵

In 2018, DGELLP and Corix Multi-Utility Services Inc. (CMUS) received approval from the BCUC to restructure the district energy utility and transfer its assets and CPCN to CMUS.⁶ CMUS acquired DGELLP's assets for \$1, and the utility's rate base and regulatory accounts were set to \$1. DGELLP made a \$1 million contribution to CMUS, which was recorded in a newly established Revenue Deficiency Deferral Account (RDDA), to offset future revenue deficiencies and mitigate rate increases during the early years of CMUS' ownership and the ongoing build-out of the Dockside Green development.⁷

¹ Corix Final Argument, p. 3.

² Corix District Energy Holding GP Inc. is indirectly owned by the British Columbia Investment Management Corporation (Exhibit B-1, Section 2.1, p. 19).

³ Corix Final Argument, p. 3.

⁴ Exhibit B-1, Section 2.2, p. 19. DGELLP was a limited liability partnership with the following ownership interests: Windmill West Properties LLP (Windmill), Vancity Capital Corporation (Vancity), Corix Utilities Inc., and FortisBC Alternative Energy Services Inc. Windmill transferred its interest in DGELLP to Vancity in April 2009; BCUC Orders C-1-08 and C-3-08.

⁵ Exhibit B-1, Section 2.2, p. 19.

⁶ Exhibit B-1, Section 2.2, p. 19; Corix Multi-Utility Services Inc. and Dockside Green Energy LLP (DGE) Application for Approval of the Transfer of Partnership Interests in DGE to Vancity Capital Corporation and Dockside Green Limited Partnership and Subsequent Sale and Disposition of DGE Utility Assets to Corix, Exhibit B-1; Order G-166-18 dated September 4, 2018, Directives 1 to 3.

⁷ Exhibit B-1, Section 2.2, pp. 19-20.

In the 2019 Revenue Requirement and Rates Application (RRRA), the BCUC approved a five-year levelized rate structure for the DGE utility from 2019 to 2023, comprising: (i) a monthly basic charge per square metre (m²) to recover capital and operating costs (Basic Charge) escalated at three percent per year; and (ii) a variable energy charge to recover energy costs (Variable Energy Charge).⁸ The BCUC reviews the Variable Energy Charge under a separate flow-through energy cost rate-setting mechanism. Accordingly, the Variable Energy Charge does not form part of this Application.⁹

In 2023, the BCUC approved a reorganization and restructuring of CMUS and its affiliates, whereby three BCUC-regulated Stream B Thermal Energy Systems were transitioned out of CMUS into three separate limited partnerships (Corix Restructuring and Business Combinations Transactions). DGE was approved to be transferred to Corix Dockside Green DE Limited Partnership (i.e. Corix). The Corix Restructuring and Business Combinations Transactions were completed as of April 1, 2024 (2024 Restructuring).¹⁰

This Application is the first delivery rate application for DGE since 2019.¹¹ As Corix did not file an application to approve a rate for 2024, the 2024 Basic Charge was based on the last approved rate effective January 1, 2023.

On November 29, 2024, the BCUC issued its Generic Cost of Capital (GCOC) Stage 2 Decision,¹² which set the allowed return for Corix, effective January 1, 2024. As directed by the GCOC Stage 2 Decision, Corix filed its revised rate schedule for DGE, incorporating the allowed return effective January 1, 2024, which resulted in a Basic Charge of \$0.4260/m² per month effective January 1, 2025.

Approvals Sought

Corix seeks approval of the following:¹³

1. The revenue requirement for DGE for each of 2025, 2026, 2027 and 2028;
2. An increase to the 2025 Basic Charge, effective July 1, 2025, and the Basic Charges for 2026 to 2028, effective January 1 of each year, as outlined below:

	July 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
Proposed Basic Charge (\$/m ² per month)	0.5538	0.6923	0.7961	0.8916

3. The discontinuation of Rate Rider 1 and the associated Rate Rider 1 rate-setting mechanism¹⁴ effective April 1, 2026;
4. Regarding existing deferral accounts:

⁸ Exhibit B-1, Section 2.3, pp. 20-21; Corix Multi-Utility Services Inc. Revenue Requirements and Rates Application for the Dockside Green District Energy Utility, Exhibits B-1 and B-3 (2019 RRRA); Order G-248-19, dated October 16, 2019.

⁹ Exhibit B-1, Section 2.5, p. 22.

¹⁰ Corix Multi-Utility Services Restructuring and Business Combination Transactions, Decision and Order G-279-23 dated October 18, 2023 (2024 Restructuring Decision); Order G-294-24, Recital E.

¹¹ Exhibit B-1, Section 11, p. 87.

¹² BCUC Generic Cost of Capital Stage 2, Decision and Order G-321-24 dated November 29, 2024 (GCOC Stage 2 Decision).

¹³ Exhibit B-1, Section 1.3, pp. 13–14; Corix Final Argument, pp. 4–5.

¹⁴ By Order G-225-23 dated August 23, 2023, the BCUC approved the use of a rate rider mechanism for the recovery or refund of the year-end balance in the Property Tax Deferral Account (PTDA). The PTDA rate rider is named “Rate Rider 1” in the rate schedule in the DGE tariff.

- (i) To transfer the RDDA from a non-rate base account to a rate base account;
 - (ii) To transfer the Property Tax Deferral Account (PTDA) from a non-rate base account to a rate base account; and
 - (iii) To fully amortize any balance in the PTDA within the test period of the next RRRRA;
5. The establishment of two new deferral accounts:
 - (i) A Regulatory Costs Variance Account (RCVA) to record forecast variances of actual external regulatory costs, with full amortization of any balance within the test period of the next RRRRA; and
 - (ii) An Insurance Cost Variance Account (ICVA) to record forecast variances of actual insurance costs, with full amortization of any balance within the test period of the next RRRRA;
 6. A capitalized overhead methodology for DGE to record capitalized overhead;
 7. Housekeeping and rate schedule amendments within the DGE tariff; and
 8. Acceptance of the updated rate schedule pages for DGE based on approval of the proposals related to the Basic Charge and the Rate Rider 1.
 9. To maintain the confidentiality of certain documents as discussed in Section 7.0.

Regulatory Review Process

By Order G-153-25, the BCUC approved the Basic Charge rate of \$0.5538/m² per month, on an interim and refundable/recoverable basis, effective July 1, 2025,¹⁵ and established a regulatory timetable to review the Application, which was subsequently amended by Order G-245-25.¹⁶

The regulatory timetable included public notice of the Application, intervener registration, letters of comment, one round of BCUC and intervener information requests (IRs), and final and reply arguments.¹⁷

Two interveners registered in the proceeding:¹⁸

- British Columbia Old Age Pensioners’ Organization, Council of Senior Citizens’ Organizations of BC, Disability Alliance BC, and Tenants Resource and Advisory Centre (BCOAPO);¹⁹ and
- Residential Consumer Intervener Association (RCIA).

At the Panel’s request, BCOAPO and RCIA coordinated their participation in this proceeding to avoid duplication and to reduce costs.²⁰

¹⁵ As per Order G-291-25, the interim rate of \$0.5538/m² per month remained in place effective January 1, 2026.

¹⁶ Exhibit A-2, Order G-153-25; Exhibit A-6, Order G-245-25.

¹⁷ Exhibit A-2, Order G-153-25; Exhibit A-6, Order G-245-25.

¹⁸ Exhibit C1-1 and Exhibit C2-1.

¹⁹ On February 8, 2026, counsel for BCOAPO notified the BCUC that the individual organization “British Columbia Old Age Pensioners’ Organization” sought to withdraw as an intervener. On February 17, 2026, the Panel acknowledged this withdrawal, and that the following remaining organizations would continue to be interveners collectively under the name “COSCO”: “Council of Senior Citizens’ Organizations of BC, Disability Alliance BC, and Tenants Resource and Advisory Centre.” See Exhibits C1-4 and A-8. For the purposes of this decision, the Panel refers to this intervener as “BCOAPO.”

²⁰ Exhibit A-3; BCOAPO Final Argument, p. 2; RCIA Final Argument, p. 5.

The BCUC received 14 letters of comment, which are discussed in Section 5.0.²¹

Legislative Framework

Corix requests approval of its Application under sections 59 to 61 of the *Utilities Commission Act (UCA)*. The BCUC has the legislative authority under these provisions to conduct its review and establish rates. In particular:

- Section 59(1) states a public utility must not make, demand or receive an unjust, unreasonable, unduly discriminatory or unduly preferential rate for a service it provides in British Columbia;
- Section 59(4) provides that whether a rate is “unjust” or “unreasonable” is a question of fact, of which the BCUC is the sole judge; and
- Section 60(1)(b.1) states that in setting a rate, the BCUC may use “any mechanism, formula or other method of setting the rate that it considers advisable, and may order that the rate derived from such a mechanism, formula or other method is to remain in effect for a specified period.”²²

1.2 Decision Framework

This decision is structured as follows:

Section 2.0 addresses Corix’s forecast revenue requirement and examines the key drivers of the increase, as well as Corix’s proposed capitalized overhead methodology for DGE.

Sections 3.0 and 4.0 discuss Corix’s RDDA and other deferral account requests.

Sections 5.0 and 6.0 address letters of comment and provide the Panel’s overall determination on the proposed Basic Charge rates.

Section 7.0 reviews Corix’s confidentiality request.

2.0 Revenue Requirement

Corix identifies some of the key drivers of the increase in its revenue requirement for the Test Period as operating and maintenance (O&M) costs, property taxes, and financing costs, as summarized in the table below.²³

²¹ Exhibit D-1 to Exhibit D-14.

²² Sections 59 to 61 of the UCA.

²³ Exhibit B-1, Section 11, pp. 87-92; Corix Final Argument, p. 11. The DGE revenue requirement is only in regard to delivery related costs, as the recovery of energy supply costs from DGE customers is facilitated through the Variable Energy Charge (Exhibit B-1, Section 12, p. 93). The Variable Energy Charge and the associated rate setting mechanism are outside the scope of this Application.

Table 1: DGE Revenue Requirement²⁴

	(\$)				
	Actual 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Operating and Maintenance Costs	394,074	497,916	615,231	623,178	643,432
Lease & Property Tax, Fees and Levies ²⁵	33,785	145,383	151,299	157,457	163,865
Other & Adjustments	-	(106,790)	-	-	-
Depreciation	86,728	111,080	113,183	102,376	100,243
Amortization	4,365	4,588	12,141	4,588	4,588
Deemed Interest	52,928	64,700	100,260	119,786	136,246
Return on Equity	77,683	113,837	159,524	190,592	216,782
Income Tax	-	-	-	-	-
Total Revenue Requirement	649,562	830,714	1,151,638	1,197,976	1,265,155

The 2023 BCUC-approved DGE revenue requirement was \$395,805 in the last RRRRA.²⁶ Corix’s 2024 actual revenue requirement was 64 percent higher than 2023 BCUC-approved and is forecast to increase further by 28 percent in 2025, 39 percent in 2026, 4 percent in 2027 and 6 percent in 2028. The Panel examines the key drivers of the increase in forecast O&M in Sections 2.1 and 2.1.1; forecast property tax increases in Section 2.2; forecast capital costs in Section 2.3; and the proposed capitalized overhead methodology in Section 2.3.1.

As for Corix’s return on rate base (i.e. deemed interest and return on equity (ROE)), the forecast increase is primarily due to the BCUC’s recent directions regarding Corix’s cost of capital in a separate proceeding (i.e. the Generic Cost of Capital proceeding, discussed in Section 4.1). That proceeding approved: (i) an increase in Corix’s deemed equity component and allowed ROE; and (ii) a deemed interest rate methodology, which Corix has used to calculate its revised deemed interest rate for the Test Period.²⁷

The \$106,790 adjustment to the 2025 forecast revenue requirement resulted from Corix’s identification of discrepancies in the revenue deficiencies recorded in the RDDA from 2018 to 2024.²⁸

2.1 Operating and Maintenance Costs

As shown in Table 1 above, a significant portion of the revenue requirement is O&M costs, which Corix explains are the fixed costs required to operate and maintain DGE on an annual basis.²⁹ Table 2 below provides a

²⁴ The table includes actuals for 2024, rather than 2023 BCUC-approved figures, because the financial rate model from Corix’s 2019 RRRRA was filed on a confidential basis and a breakdown of each revenue requirement line item is not publicly available. Table compiled from Exhibit B-1, Section 9.5, Table 19, p. 67.

²⁵ Corix determined the 2024 Lease & Property Tax, Fees and Levies amount of \$33,785 by applying a 2% escalation to the 2023 BCUC-approved forecast amount of \$33,122 (Note 5 of Schedule 2 of Appendix A to the Application). The 2024 actual property tax for DGE was \$143,540 (Schedule 11 of Appendix A to the Application) and the variance was recorded in the PTDA and recovered through Rate Rider 1, as explained in Section 4.3 of this decision.

²⁶ Corix Multi-Utility Services Inc. Revenue Requirements and Rates Application for the Dockside Green District Energy Utility, Exhibit B-3, Amended Table 17. The 2023 Delivery Revenue Requirement is calculated by deducting “Total Energy Costs” of \$200,073 from the “Revenue Requirement” of \$595,878 to arrive at the Delivery Revenue Requirement of \$395,805 (\$595,878 - \$200,073 = \$395,805).

²⁷ Exhibit B-1, Section 9.2.3, Tables 16 and 17, pp. 61-63; GCOC Stage 2 Decision.

²⁸ Exhibit B-1, Section 9.5.1, p. 68.

²⁹ Exhibit B-1, Section 6, p. 38.

breakdown of the forecast O&M costs, which, after adjustments, have a year-to-year increase of 26 percent in 2025 (as compared to 2024 actual), 24 percent in 2026, 1 percent in 2027 and 3 percent in 2028.

Table 2: O&M Costs³⁰

Cost Component	(\$)				
	2024 Actual	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Operating Labour	134,442	135,162	139,217	143,393	147,695
Repair and Maintenance	44,450	40,160	41,104	41,947	42,786
Permits and Licenses	1,336	1,828	1,871	1,909	1,947
Chemicals/Water Treatment	2,376	2,220	2,272	2,319	2,365
Operating expenses	13,328	21,942	18,084	18,735	19,165
Insurance	54,196	46,915	51,363	56,534	60,077
Billing (Service Provider)	4,547	8,526	8,727	8,906	9,084
Office and Other Expenses	7,305	9,810	8,505	8,680	8,853
External Regulatory Costs	8,216	12,818	16,192	1,058	1,332
Corporate Services Costs	139,252	154,807	163,786	169,627	174,701
Regional Services Costs	129,530	155,907	164,110	170,071	175,427
Subtotal O&M Costs	538,979	590,096	615,231	623,178	643,432
Adjustment for RDDA (Allowable Costs)	(144,905)	(92,179)	-	-	-
Total O&M Costs	394,074	497,916	615,231	623,178	643,432

Corix has recorded an adjustment, as shown in the table above for each of 2024 and 2025, to calculate the RDDA annual ending balance using only BCUC-approved forecast allocations for corporate services costs and regional services costs.³¹ This adjustment results in a reduction to Corix’s revenue requirement. For clarity, the adjustment in 2025 is for the first half of the year (i.e. January 1 to June 30), which is outside of the Test Period.

The 2023 BCUC-approved O&M costs were \$292,581 in the last RRRRA.³² Corix’s 2024 actual O&M costs, before adjustments, were 84 percent higher than 2023 BCUC-approved. Corix explains this Application is the first RRRRA that incorporates historical costs and revenues and that its O&M costs are generally forecast by applying annual inflation escalators to historical results.³³ As shown in the table above, the key components of Corix’s forecast O&M costs over the Test Period are: operating labour, insurance, corporate services and regional services costs. Operating labour and insurance costs are addressed in the subsections below. Corporate services and regional

³⁰ The table includes actuals for 2024, rather than 2023 BCUC-approved figures, because the financial rate model from Corix’s 2019 RRRRA was filed on a confidential basis and a breakdown of each revenue requirement line item is not publicly available. Table compiled from Exhibit B-1, Appendix A, Schedule 11. “Corporate Services Costs” were derived by adding the values of lines 20 to 25 of Schedule 11 and “Regional Services Costs” were derived by adding the values of lines 13 to 19 of Schedule 11.

³¹ Exhibit B-1, Appendix A, Schedule 11, footnote 5; Exhibit B-3, BCUC IRs 14.1 and 14.2.

³² Corix Multi-Utility Services Inc. Revenue Requirements and Rates Application for the Dockside Green District Energy Utility, Exhibit B-3, Amended Table 17.

³³ Corix Final Argument, p. 7; Exhibit B-1, Section 6, Table 5, pp. 38-39. Corix applies the following inflation escalators: 1.90% in 2025, 2.35% in 2026, 2.05% in 2027 and 2.00% in 2028.

services costs, which make up 44 to 55 percent of total O&M costs in each year of the Test Period, are discussed in Section 2.1.1.

Operating Labour

Corix identifies operating labour as one of the key drivers of the proposed rate increases.³⁴

Corix's 2024 Actual operating labour costs were 144 percent higher than 2023 BCUC-approved.³⁵ Corix explains that when it prepared its 2019 RRRRA, it anticipated requiring 0.50 full-time equivalent (FTE) to operate the utility assuming that the large Cleaver-Brooks boiler would remain offline. However, due to the specialized nature of the plant operator role and labour market constraints, Corix was unable to fill the position on a part-time basis and hired a full-time operator (i.e. 1.0 FTE) leading to higher than forecast operating labour costs.³⁶

In 2024, the Cleaver-Brooks boiler was returned to service, reinstating the requirement for increased supervision under Technical Safety BC (TSBC) provincial safety regulations. Corix states that it applied to TSBC for General Supervision Status in 2024, which TSBC approved. Corix forecasts requiring 1.09 FTE beginning in 2025 to comply with TSBC General Supervision Status requirements and incorporates a 3 percent annual labour cost escalator to encourage staff retention.³⁷

Insurance Costs

Corix's 2024 Actual insurance costs were 64 percent higher than 2023 BCUC-approved.³⁸ Corix states that it receives an allocation of shared insurance costs incurred by its parent company for relevant businesses, including liability, owner and other insurance.³⁹ Corix confirms the methodology for forecasting insurance costs, and the types of insurance coverage held, have not changed following the 2024 Restructuring.⁴⁰ Corix submits that the cost increases are consistent with industry-wide trends influenced by inflation, increased claims severity and external factors.⁴¹

Positions of the Parties

RCIA raises concerns about Corix's ability to control its O&M costs and argues that the year-over-year forecast cost increases are not aligned with inflation or any forecast increases in customer connections or connected floor area. RCIA notes that from 2024 to 2028, O&M before adjustments is forecast to increase by 19.4 percent.

³⁴ Corix Final Argument, pp. 7 and 9.

³⁵ Corix Multi-Utility Services Inc. Revenue Requirements and Rates Application for the Dockside Green District Energy Utility, Exhibit B-1, Table 13, pp. 28-29 and 32. Calculated as: \$50,000 (in 2018 dollars) escalated at 2% per annum to 2023: $\$50,000 \times 1.02^5 = \$55,204$. Percentage increase calculated as: $(\$134,442 - \$55,204) / \$55,204 = 144\%$.

³⁶ Corix Final Argument, pp. 9-10.

³⁷ Exhibit B-1, Section 6.2, p. 40; Exhibit B-3, BCUC IRs 3.1–3.3.

³⁸ Corix Multi-Utility Services Inc. Revenue Requirements and Rates Application for the Dockside Green District Energy Utility, Exhibit B-1, Table 13, pp. 28-29 and 32. Calculated as: \$30,000 (in 2018 dollars) escalated at 2% per annum to 2023: $\$30,000 \times 1.02^5 = \$33,122$. Percentage increase calculated as: $(\$54,196 - \$33,122) / \$33,122 = 64\%$.

³⁹ Exhibit B-1, Section 6.2, p. 41.

⁴⁰ Exhibit B-3, BCUC IR 4.2.

⁴¹ Corix Final Argument, p. 11.

However, the number of customer connections and connected floor area both remain constant and the compounded forecast inflation over the Test Period is only 8.6 percent.⁴²

Corix states that RCIA's concerns regarding cost control are unfounded.⁴³ Corix notes that it has not updated its cost of service since 2019 and therefore the Application reflects a necessary catch-up to account for accumulated cost pressures over several years.⁴⁴

Panel Determination

The Panel finds Corix's forecast O&M costs reasonable for the purpose of setting rates for the Test Period, with the exception of the forecast corporate and regional services costs, which are addressed in Section 2.1.1 below.

The Panel notes that operating labour costs are one of the main drivers to the increase in O&M. As the Cleaver-Brooks boiler returned to service in 2024, we accept that operating labour costs reasonably reflect provincial safety regulations and will be adjusted for inflation. We also note that insurance costs have contributed to the increase in O&M costs. Having considered Corix's explanation that this is largely due to changes in the insurance industry, we accept the forecast insurance costs as reasonable. Insurance cost variance treatment is discussed in Section 4.2 below.

The Panel acknowledges RCIA's concern regarding Corix's ability to control its O&M costs. RCIA presents a compelling comparison when it observes that Corix forecasts O&M will increase by 19.4 percent from 2024 to the end of the Test Period, despite Corix not having any new customer connections or additional connected floor area, yet compounded forecast inflation over the Test Period is only 8.6 percent. The Panel is satisfied, however, that at least part of the revenue requirement increase that Corix seeks is explained by the fact that it has not updated its cost of service since 2019 and consequently, its existing rates are insufficient to recover the cost of service. In the Panel's view, with the exception of the forecast corporate and regional services costs, the increase in forecast O&M costs is supported by Corix's actual experience of operating DGE and reflects the cost to provide safe and reliable service.

2.1.1 Corporate and Regional Services Costs

As shown in Table 2 above, corporate services costs and regional services costs, collectively referred to as Corporate and Regional Services Costs, are the largest component of Corix's forecast O&M costs for each year of the Test Period. Corix explains that corporate services are shared costs incurred at the corporate level in order to provide services to all affiliates, including DGE. Corporate services include the associated costs for: people and culture; information technology, operational technology and cybersecurity; communications; legal and risk management; corporate finance; and executive management (Corporate Services Costs).⁴⁵

Similarly, regional services are shared costs incurred at a regional level to provide necessary services to relevant affiliates, including DGE. Regional services include the associated costs for: regulatory affairs; health, safety and

⁴² RCIA Final Argument, p. 7.

⁴³ Corix Reply Argument, p. 29.

⁴⁴ Corix Reply Argument, p. 25.

⁴⁵ Exhibit B-1, Section 6.3.1, p. 45.

environment; financial planning and analysis and accounting; business operations; billing and customer care; and operations leadership and strategy (Regional Services Costs).⁴⁶

Corix explains that these shared services are intended to provide efficiencies and expertise that individual businesses could not achieve on a stand-alone basis.⁴⁷

Table 3 below provides the 2022 to 2024 historical and 2025 to 2028 forecast Corporate and Regional Services Costs. Before the adjustment for the RDDA discussed earlier, the 2025 forecast is a 16 percent increase over 2024 actual costs, and an increase of 156 percent over 2023 BCUC-approved amount of \$121,449 in the last RRRRA.⁴⁸

Table 3: Historical and Forecast Corporate and Regional Services Costs⁴⁹

Cost Component	(\$)						
	2022 Approved	2023 Approved	Actual 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Corporate Services Costs	43,081	43,942	139,252	154,807	163,786	169,627	174,701
Regional Services Costs	75,987	77,507	129,530	155,907	164,110	170,071	175,427
Subtotal	119,068	121,449	268,782	310,714	327,896	339,698	350,128
Adjustment for RDDA (Allowable Costs)	-	-	(144,905)	(92,179)	-	-	-
Total Corporate and Regional Services Costs	119,068	121,449	123,877	218,535	327,896	339,698	350,128

Corix allocates Corporate Services Costs using an approved cost allocation methodology (CAM)⁵⁰ and states that it follows similar allocation principles for Regional Services Costs.⁵¹ Corix explains that in 2019, it was part of a larger company with other utility and non-utility businesses and that Corporate and Regional Services Costs were forecast by an internal bottom-up estimate based on prior experience.⁵² As a result, the approved Corporate and Regional Services Costs were \$110,000 (in 2018 dollars), with an annual escalation rate of 2 percent.⁵³ Corix states that these amounts no longer reflect its actual costs and the shareholder has borne the

⁴⁶ Exhibit B-1, Section 6.3.2, p. 46.

⁴⁷ Exhibit B-1, Appendix I, Section 5, p. 8; Appendix J, Section 5, p. 8.

⁴⁸ Exhibit B-1, Section 6, p. 38. Calculated as: \$110,000 (in 2018 dollars) escalated at 2% annually to 2023: $\$110,000 \times 1.02^5 = \$121,449$. Percentage increase calculated as: $(\$310,714 - \$121,449) / \$121,449 = 156\%$.

⁴⁹ The table includes actuals for 2024 rather than BCUC-approved, as Corix did not file an application to approve a revenue requirement for 2024. Table compiled from Exhibit B-1, Section 6, p. 38: \$110,000 in 2018 dollars (\$39,800 for Corporate Services and \$70,200 for Regional Services) escalated at 2% annually to each 2022 and 2023: $\$110,000 \times 1.02^4 = \$119,068$ and $\$110,000 \times 1.02^5 = \$121,449$; Exhibit B-1, Appendix A, Schedule 11: "Corporate Services Costs" were derived by adding the values of lines 20 to 25 of Schedule 11 and "Regional Services Costs" were derived by adding the values of lines 13 to 19 of Schedule 11.

⁵⁰ As approved by Order G-349-20, dated December 24, 2020.

⁵¹ Exhibit B-3, BCUC IR 7.2.

⁵² Exhibit B-1, Section 6, p. 38, Section 11.7, p. 91.

⁵³ Exhibit B-1, Section 6, p. 38.

cost overruns, as shown in the 2024 and 2025 adjustments, until the forecast could be updated as part of a rate application (i.e. this Application).⁵⁴

During the 2024 Restructuring proceeding, CMUS submitted that the transfer of the three Stream B Thermal Energy Systems into separate limited partnerships, which included DGE, would not detrimentally affect ratepayers.⁵⁵

Corix now submits that the 2024 Restructuring resulted in a smaller pool of utilities that share the Corporate and Regional Services Costs. In turn, this increased the proportion of shared Corporate and Regional Services Costs allocated to DGE.⁵⁶ Corix explains that Corporate and Regional Services Costs incurred prior to April 1, 2024 should not be used to inform any determination regarding the forecast costs for the Test Period, as the current Corix district energy company is different from the former. Corix developed the 2025 forecast Corporate and Regional Services Costs independently, without reference to pre-restructuring costs, and this forecast reflects the first full year of operations for the new utility.⁵⁷

Corix states that the increase in actual Corporate and Regional Services Costs in 2024 was primarily driven by the change in overall structure, increased headcount, and new management and executive compensation plans resulting from the 2024 Restructuring.⁵⁸ Corix notes that salaries constitute 69.8 percent of the total Corporate and Regional Services expenses.⁵⁹

Although the 2024 Restructuring resulted in significant changes to Corporate and Regional Services Costs, Corix submits that the CAM continues to be appropriate and applicable.⁶⁰ At this point, Corix has not decided whether to update the CAM and notes it has until April 1, 2026 to either propose changes to the CAM for approval prior to implementation or provide a status update to the BCUC.⁶¹ Corix notes that the CAM merely allocates shared or pooled costs to the utilities that receive the service. Different methodologies will only result in different allocations to each utility but in the end, each utility that receives a Corporate or Regional Service should be allocated its fair portion of the cost.⁶²

Positions of the Parties

BCOAPO recommends the BCUC convene a separate regulatory process to review the Corporate and Regional Cost allocations of the Corix group of companies to re-establish the appropriate levels of these cost allocations for rate-setting purposes post the 2024 Restructuring. BCOAPO views that its recommendation would enhance regulatory efficiency.⁶³

⁵⁴ Exhibit B-1, Section 6, p. 38.

⁵⁵ Order and Decision G-279-23, p. 20.

⁵⁶ Corix Final Argument, p. 22; Exhibit B-3, BCUC IR 8.5.

⁵⁷ Corix Final Argument, p. 23.

⁵⁸ Exhibit B-3, BCUC IR 8.1.

⁵⁹ Exhibit B-3, BCUC IR 8.10.

⁶⁰ Exhibit B-3, BCUC IR 6.1.

⁶¹ Exhibit B-3, BCUC IR 6.1; Corix Final Argument, p. 21.

⁶² Exhibit B-3, BCUC IR 7.4.

⁶³ BCOAPO Final Argument, p. 18

RCIA notes that if Corix's 2025 forecast for Corporate and Regional Services Costs were set at 2024 actuals, with a three percent annual escalation applied each year from 2026 to 2028, this alternate methodology would: (1) reduce the 2025 Basic Charge rate increase; (2) allow the RDDA to be recovered two years earlier; (3) reduce the RDDA peak balance and cumulative financing costs; and (4) lower Corix's indicative rate increases beyond the Test Period.⁶⁴

In reply to BCOAPO, Corix argues against the recommendation for a separate regulatory proceeding, stating that the current proceeding is the appropriate forum. Corix notes that by the end of 2025, all three of its regulated district energy utilities will have submitted RRRAs providing an opportunity for the examination of the prudence and reasonableness of the allocations.⁶⁵

In reply to RCIA, Corix argues against the alternate methodology for setting Corporate and Regional Services Costs for the following reasons: (1) it is a departure from the approved CAM; (2) it materially underestimates Corporate and Regional Services costs for 2025 and the remaining years in the Test Period, ignoring changes in staffing, one-time implementation costs and other aspects that would underestimate future costs; (3) it violates the fair return principle and imposes a financial loss on Corix; (4) it perpetuates shareholder under-recovery, as Corix's shareholder has already absorbed \$315,279 in unrecovered Corporate and Regional Services Costs from January 1, 2021 to June 30, 2025; and (5) property tax, labour, return on equity and depreciation are all materially larger drivers of the increased costs than Corporate or Regional Services Costs.⁶⁶

Panel Determination

The Panel finds Corix's proposed forecast Corporate and Regional Services Costs unreasonable for the Test Period and considers reductions are warranted. The Panel accepts that Corporate and Regional Services Costs should be updated because the forecast was last approved when rates were set in 2019. However, we are not satisfied with Corix's justification for the significant increase in its forecast costs for the Test Period.

The 2024 Restructuring resulted in changes to Corporate and Regional Services Costs because there are now fewer utilities in the pool that share these costs and thus a larger proportion of shared Corporate and Regional Services Costs is allocated to DGE. However, while the BCUC acknowledged in the 2024 Restructuring Decision that there may be incremental costs that the utilities may seek to recover in future revenue requirements, it approved the 2024 Restructuring based on Corix's assurance to the BCUC at that time that this was "... not expected to impact service levels, operations, rates or have detrimental effects on the ratepayers".⁶⁷ The forecast Corporate and Regional Services Costs in the Test Period, which is less than two years after the 2024 Restructuring, clearly show an unfavorable rate impact through an increased cost forecast. We find the forecast Corporate and Regional Services Costs are unreasonably high and inconsistent with the BCUC's expectations in the 2024 Restructuring Decision. Further, the Panel considers that Corix should find ways to reduce shared overhead costs.

Therefore, the Panel finds a reduction to the revenue requirement is warranted. As for the appropriate amount, we consider that using the 2024 actual costs escalated by three percent annually reflects a reasonable amount

⁶⁴ RCIA Final Argument, p. 8.

⁶⁵ Corix Reply Argument, pp. 20-21.

⁶⁶ Corix Reply Argument, pp. 29-32.

⁶⁷ 2024 Restructuring Decision, p. 16.

of Corporate and Regional Services Costs to be recovered in rates. We consider a three percent annual escalation is reasonable since labour makes up the majority of these costs and this aligns with Corix's labour escalation assumption. The adjusted Corporate and Regional Services Costs reflect the BCUC's expectations of the 2024 Restructuring and encourages Corix to find efficiencies, while also recognizing the need for gradual cost increases over time to provide safe and reliable utility service.

Corix is directed to adjust Corporate and Regional Services Costs to \$276,846 in 2025, \$285,150 in 2026, \$293,705 in 2027 and \$302,516 in 2028 for the purpose of setting Basic Charge rates for the Test Period, subject to an adjustment to reflect that the Test Period starts on July 1, 2025. For clarity, Corix must recalculate its revenue requirement and RDDA year-end balance for 2025 using the BCUC-approved forecast for Corporate and Regional Services Costs from January 1, 2025 to June 30, 2025, as per Order G-248-19. **Corix is directed to file a compliance filing by March 23, 2026, in accordance with Section 6.0, that includes:**

- 1. Supporting calculations and revised financial schedules reflecting the approved Corporate and Regional Services Costs for each of 2025, 2026, 2027 and 2028; and**
- 2. The reduced Basic Charge rate for each of 2025, 2026, 2027 and 2028 as adjusted for the approved Corporate and Regional Services Costs, and in accordance with the directives and determinations in this decision.**

The Panel rejects BCOAPO's recommendation to review Corporate and Regional Services Costs in a separate proceeding. The Panel considers that this proceeding has appropriately considered these costs and that a separate proceeding is an unnecessary burden on the utility.

2.2 Property Tax

Property tax is another key driver of the revenue requirement increase for the Test Period.⁶⁸ Corix explains that in the 2019 RRRRA, the property tax forecast was based on historical data from the previous landowner, DGELLP, who had benefited from a 10-year Revitalization Tax Exemption under the City of Victoria's Green Power Facilities Bylaw that expired in 2019. As the tax exemption had no option for renewal, property taxes for DGE increased substantially from \$38,950 in 2019 to \$124,793 in 2020.⁶⁹ Variances between forecast and actual property taxes up to 2022, prior to the establishment of the PTDA, were recorded in the RDDA.⁷⁰ This is the first RRRRA in which Corix has updated its property tax forecast.

In 2023, the BCUC approved a property tax deferral account, the PTDA, to minimize rate volatility.⁷¹ The PTDA tracks the variance between forecast and actual property taxes, with recovery occurring the following year through Rate Rider 1.⁷² The PTDA is discussed in Section 4.3.

Corix explains that the current property owner, Bosa Development, passes property taxes onto Corix for reimbursement without markup and Corix has no ability to mitigate or defer these costs.⁷³ Property taxes for

⁶⁸ Corix Reply Argument, p. 28.

⁶⁹ Exhibit B-1, Section 11.3, p. 88; Corix Multi-Utility Services Inc. Dockside Green Energy Utility Application to flow through Property Tax proceeding (DGE PTDA Proceeding), Exhibit B-1, Section 3.2, pp. 3-4.

⁷⁰ DGE PTDA Proceeding, Exhibit B-1, Section 3.3, p. 4.

⁷¹ Order G-225-23 dated August 23, 2023.

⁷² Corix Final Argument, p. 8.

⁷³ Corix Final Argument, p. 8.

DGE are forecast based on historical invoices, with an escalation for property value and property tax rates. Corix forecasts property value to escalate at 2.3 percent per year in 2026, 2027 and 2028, and forecasts property tax rates to escalate at 1.7 percent per year from 2026 onwards.⁷⁴

Positions of the Parties

BCOAPO questions why during the due diligence conducted for the acquisition of DGE utility assets, Corix did not realize that the property tax exemption expired in 2019.⁷⁵ Corix did not respond to BCOAPO's comment in its reply argument.

Panel Determination

The Panel finds the forecast property tax costs are reasonable for the Test Period. The Panel acknowledges that Corix has little to no control over the property value and has no control over property tax rates as they are determined by the government. Corix must pay property taxes as part of running its business.

The Panel acknowledges that the expiry of the property tax exemption in 2019 has resulted in upward rate pressure for ratepayers, which is reflected in this RRR's proposed rate increases. The Panel considers that Corix should have known the tax exemption was set to expire at the time of the 2018 acquisition or 2019 RRR. In any case, Corix came forward to address the property tax issue in 2023 and the BCUC approved certain rate smoothing measures through the PTDA. The Panel addresses the mechanism for recovery of the PTDA in Section 4.3.

2.3 Capital Costs

The capital costs for DGE, which are either new capital additions or renewal and replacement capital expenditures, are categorized into the following three components: (i) the central energy plant; (ii) the distribution piping system; and (iii) the energy transfer station. As no new building connections are expected until 2030, Corix does not anticipate new capital additions to its system during the Test Period. Instead, Corix explains that its forecast capital costs for the Test Period consist of renewal and replacement capital expenditures for the central energy plant and the energy transfer station.⁷⁶

Renewal and replacement capital expenditures total \$177,485 for the Test Period, as shown in Table 4 below, and include the renewal and replacement of components for the central energy plant (e.g. boiler burners, boiler combustion fan, heat pump, remote monitoring camera system, distribution pumps, and variable frequency drive) and energy transfer station (e.g. thermal energy meters).⁷⁷ Corix states that it cannot defer the renewal and replacement capital expenditures that it forecasts for the Test Period because they are necessary to ensure near-term operational safety and reliability needs of the central energy plant.⁷⁸

⁷⁴ Exhibit B-1, p. 47.

⁷⁵ BCOAPO Final Argument, p. 16.

⁷⁶ Exhibit B-1, Section 8, p. 48.

⁷⁷ Exhibit B-1, Section 8.2.1, pp.50-51, Table 11.

⁷⁸ Exhibit B-3, BCUC IR 10.3.

Table 4: Renewal and Replacement Capital Expenditures⁷⁹

Description	(\$)					
	Actuals 2018-2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Test Period Total
Central Energy Plant	247,310	21,000	23,541	87,736	12,252	144,529
Distribution Piping System	388,459	-	-	-	-	-
Energy Transfer Station	133,134	-	32,957	-	-	32,957
Total	768,903	21,000	56,497	87,736	12,252	177,485

Table 4 also presents actual renewal and replacement capital expenditures of \$768,903 for the years 2018 through 2024. Corix explains that these expenditures were necessary to safely and reliably operate DGE, including, for example, \$125,537 in the central energy plant cost category to recommission the Cleaver Brooks boiler to safeguard system performance during peak demand periods.⁸⁰ Corix notes that from 2018 to 2024 actual capital costs were \$2.11 million, representing a 52 percent increase over its capital cost estimate of \$1.39 million in the 2019 RRRRA, due to higher renewal and replacement expenditures than forecast.⁸¹

Corix states that it has not developed a long-term renewal and replacement capital plan because future low-carbon requirements for new buildings mean it will require a decarbonization project, which entails a significant change to its system.⁸² It anticipates using the three natural gas boilers as peaking and backup upon completion of the decarbonization project. Corix plans to file a CPCN application with the BCUC for approval of the decarbonization project by 2030 and to complete the project in 2032.⁸³

Positions of the Parties

RCIA submits that Corix has adequately demonstrated the need for its forecast renewal and replacement capital expenditures.²³

Panel Determination

The Panel finds the forecast capital expenditures reasonable for the Test Period. Corix does not expect to connect any new buildings to the system, and therefore the relatively small amount of \$177,485 reflects renewal and replacement capital expenditures for the Test Period. In addition, the Panel accepts that the actual capital costs increased from \$1.39 million to \$2.11 million for the six years from 2018 to 2024 in order for Corix to safely and reliably operate the system. These incremental expenditures are reflected in the forecast mid-year plant in service for 2025 and therefore incorporated into the rate base.

⁷⁹ Exhibit B-1, Section 8.2, Table 12, p.52.

⁸⁰ Exhibit B-1, Section 8.2.2, p. 53.

⁸¹ Exhibit B-3, BCUC IRs 9.2 and 10.6.

⁸² Exhibit B-1, Section 8.2.3, p. 54.

⁸³ Exhibit B-3, BCUC IR 10.4.

Corix is directed to provide an update on the status of the decarbonization project in its next Revenue Requirement and Rates Application. Corix has indicated it plans to file a CPCN application for approval of a decarbonization project by 2030. As such a project will likely result in capital investments and other costs impacting utility service and ratepayers in the next test period, the Panel considers the BCUC should be kept informed of Corix's plans.

2.3.1 New Capitalized Overhead Methodology

Corix states that the utility industry is capital-intensive and thus a common practice is to capitalize a portion of corporate and regional overhead. As DGE does not have an approved methodology for capitalizing overhead costs, Corix proposes to adopt the methodology the BCUC recently accepted for Corix Burnaby Mountain DE Limited Partnership's Burnaby Mountain District Energy Utility (BMDEU) and Corix UBCDE Limited Partnership's Neighbourhood District Energy System at the University of British Columbia (UBC NDES).⁸⁴

The proposed methodology uses a direct causal allocation linking capitalized overhead to the actual direct labour hours of CMUS's project management office and would align with all other CMUS regulated utilities. This approach ensures that capitalized overhead costs directly correspond to project work, so if a project is delayed or reduced, the associated overhead is also delayed or reduced.⁸⁵

Corix does not forecast any capitalized overhead during the Test Period; however, it expects to capitalize overhead from 2030 to 2032 when new building connections are forecast to be added to the system.⁸⁶

Positions of the Parties

Intervenors did not comment on this matter.

Panel Determination

The Panel accepts the proposed capitalized overhead methodology for DGE, which employs a direct causal approach of allocating overhead based on a set percentage of the actual direct labour hours of CMUS's project management office.

The Panel considers that the proposed methodology is appropriate for DGE as it is more cost-effective than directly assigning costs to each project and capitalized overhead costs will track the progress of building connections. Further, the approval of Corix's proposed capitalized overhead methodology is consistent with the BCUC's decisions for the UBC NDES and BMDEU. While there is no capitalized overhead in this Test Period because no new buildings are expected to connect until 2030, we consider that acceptance of the methodology now is efficient and provides certainty to Corix for its next RRRRA.

⁸⁴ Exhibit B-1, Section 8.5, pp. 55-56; Decision and Order G-348-24, p. 14; Decision and Order G-255-25, p. 16.

⁸⁵ Exhibit B-1, Section 8.5, pp. 55-57.

⁸⁶ Exhibit B-1, Section 8.5, p. 57; Exhibit B-3, BCUC IR 11.1.

3.0 Revenue Deficiency Deferral Account

As noted previously, the RDDA was established in 2018 with a \$1 million contribution from the utility's previous owner to offset revenue deficiencies and mitigate rate increases during the early years of Corix's utility operation amid the ongoing build-out of the Dockside Green development. Corix initially forecast revenues would meet revenue requirements by 2027 and had expected the \$1 million contribution to last until the end of 2025.⁸⁷

However, the \$1 million contribution was depleted by the end of 2022 and Corix's updated forecast indicates that revenues will be insufficient to cover the full cost of service until 2036 – nine years later than previously expected.⁸⁸ The 2024 year-end RDDA balance is \$424,466 due to build-out delays that have resulted in fewer customers than previously forecast.⁸⁹

With a \$424,466 deficit in the RDDA, and no new building connections forecast in the Test Period, Corix requests to continue the RDDA and levelized rate structure beyond the initial five-year period approved in the 2019 RRRRA.⁹⁰ In this section, the Panel examines issues arising from Corix's request: the impact of build-out delays, Corix's proposed scenarios for RDDA recovery and the corresponding impact on rates, whether the RDDA should be part of rate base, the future function of the RDDA, and strategies to mitigate rate increases.

3.1 Build-Out Schedule Delays

Corix explains that delays in the build-out of the Dockside Green community have led to significantly lower than anticipated revenues for DGE and contributed to the growth of the RDDA, as the corresponding connected floor area drives the revenue forecast and the calculation of the Basic Charge.⁹¹ When the district energy utility first began serving customers in 2008, the Dockside Green development was expected to be completed by 2014. In the 2019 RRRRA, Corix advised that the developer's projected completion date for the full build-out of the Dockside Green community had been extended from 2014 to 2032, with 130,428 m² of total gross floor area connected by the end of 2032.⁹² Corix now states however, that build-out is not expected to complete until the end of 2035, with a total connected gross floor area of 125,648 m².⁹³

Corix states it has connected 64,794 m² of gross floor area as of the end of 2024, representing 52 percent of the forecast gross floor area to project completion.⁹⁴ Corix acknowledges that the timing of full build-out is subject to a moderate to high level of uncertainty. Corix does not expect any new customer connections until 2030 and therefore submits that the development risk has not increased during the Test Period.⁹⁵

⁸⁷ Exhibit B-1, Sections 2.2 and 10.3, pp. 19-20, 72; Exhibit B-3, BCUC IR 1.2.

⁸⁸ Exhibit B-1, Section 10.3.1, p. 72; Exhibit B-3, BCUC IR 1.2.

⁸⁹ Exhibit B-1, Sections 9.5.1 and 10.3.3, pp. 68, 69, 76; Exhibit B-4, BCOAPO IR 5.1.

⁹⁰ Exhibit B-1, Section 2.3, 8.1.2, 9.5.1, Table 22, pp. 21, 48, 68, 69.

⁹¹ Exhibit B-1, Section 10.3, p. 80.

⁹² Corix 2019 RRRRA, Exhibit B-1, Section 4.1, p.14, Table 2; Exhibit B-1, Section 11.2, p. 87.

⁹³ Exhibit B-1, Section 4.1, p. 33, Table 2.

⁹⁴ Exhibit B-1, Section 4.1, Table 2, p. 33; Section 10.3, p. 80.

⁹⁵ Exhibit B-3, BCUC IRs 1.2 and 1.2.1

Positions of the Parties

BCOAPO considers the development of the utility has been problematic since 2008, which raises questions about the prudence of some business decisions and who should bear the risk associated with development. BCOAPO observes that financial losses resulted in ownership changes in 2018 when the prior owners sold the utility for \$1 plus a payment of a \$1 million to ratepayers, signaling doubt as to system build-out.⁹⁶

Corix did not reply to BCOAPO's argument as to whether its ratepayers or shareholder should bear the risk of development uncertainty. However, during the proceeding, Corix submitted that it considers the balance of risk between shareholders and ratepayers to be reasonable.⁹⁷ Corix explains that in the early years of utility operation, it was aware of the risk associated with slower build-out and had designed the \$1 million contribution fund to mitigate the risk to ratepayers. Corix submits its shareholders absorbed meaningful financial risk during the slower build-out while its ratepayers were protected from early rate volatility through the contribution fund. Corix considers build-out delays over the Test Period to be beyond its control⁹⁸ and asserts that ratepayers are only responsible for costs outside of the utility's control.⁹⁹

Panel Determination

Corix is directed to file a risk assessment plan for the DGE system in its next Revenue Requirement and Rates Application. The risk assessment plan must evaluate the updated state of development and must address a range of scenarios including the possibility that no new connections materialize. For each scenario, Corix must include the indicative rates at the prevailing Revenue Deficiency Deferral Account balance, cost saving measures or opportunities to increase revenue, and rate smoothing strategies as appropriate.

The delayed buildout of the Dockside Green community has negative consequences for both DGE and ratepayers. Construction delays mean customer buildings do not connect as quickly as expected, which translates into lower revenues for DGE. And for ratepayers, since the recovery of the balance in the RDDA is informed by the build-out, construction delays result in additional financing costs and therefore higher rates overall.

The Panel notes that the timing of the full buildout has been revised several times since 2008. The most recent revision indicates that by the end of the Test Period, DGE will have been in service for 20 years but will have connected only 52 percent of the forecast floor area. Moreover, Corix concedes there is a moderate to high level of uncertainty of the Dockside Green community build-out beyond 2030. The uncertainty surrounding the timing compounds the negative impact for both DGE and ratepayers. Consequently, the Panel considers that Corix should assess and plan for adverse scenarios to ensure ratepayer impact will be mitigated and the utility can continue to provide safe and reliable service.

The Panel acknowledges DGE ratepayers benefited from the \$1 million contribution to the RDDA, as well as the fact that Corix has managed capital additions to match the rate of building construction. While the Panel accepts the developer build-out is beyond Corix's control, there is little to no build-out uncertainty during the Test Period because no new buildings are expected to connect until 2030. The Panel considers the implications of this

⁹⁶ BCOAPO Final Argument, p.16.

⁹⁷ Exhibit B-4, BCOAPO IR 7.2.

⁹⁸ Exhibit B-1, Section 4.1, p. 34.

⁹⁹ Exhibit B-4, BCOAPO IR 7.2.

certainty in Section 3.4 below, which addresses the function of the RDDA and the appropriate risk shared between Corix’s ratepayer and shareholder.

3.2 RDDA Recovery Period and Levelized Rates

In determining the Basic Charge rates for the Test Period, Corix considers four scenarios for the recovery of the RDDA and proposes recovering the RDDA by 2044 based on Scenario 3, as presented in Table 5 below:

Table 5: RDDA Recovery Scenarios¹⁰⁰

Scenario Analyses	Scenario 1		Scenario 2		Scenario 3		Scenario 4	
RDDA Recovery Year	2039		2042		2044		2046	
	Rate Δ%	Bill Δ%						
Rate Increase / Bill Impact 2025 (Test Year)	40.00%	18.58%	35.00%	17.19%	30.00%	15.80%	25.00%	14.41%
Rate Increase / Bill Impact 2026 (Test Year)	35.00%	21.64%	30.00%	16.68%	25.00%	11.85%	25.00%	10.16%
Rate Increase / Bill Impact 2027 (Test Year)	30.00%	20.26%	25.00%	16.16%	15.00%	8.69%	15.00%	8.52%
Rate Increase / Bill Impact 2028 (Test Year)	15.00%	12.16%	12.00%	9.60%	12.00%	9.29%	10.00%	7.75%
Rate Increase / Bill Impact 2029 (Indicative)	10.00%	8.46%	10.00%	8.28%	11.00%	8.81%	10.00%	7.96%
Subsequent annual delivery rate increases until full RDDA recovery (indicative)*	0.65%	0.86%	2.71%	2.54%	4.76%	4.19%	5.21%	4.57%
Test Year Cumulative Rate Increase / Bill Impact	182.56%	94.56%	145.70%	74.07%	109.30%	53.85%	97.66%	47.37%
Key Scenario Factors								
Peak RDDA Balance (\$ millions)	\$2.53		\$3.39		\$4.84		\$5.71	
RDDA Max. Size Relative to Rate Base (excl. RDDA) (%)	146%		178%		223%		240%	
Cumulative RDDA Financing Costs from 2025 to RDDA Recovery (\$ millions)	\$1.91		\$3.22		\$5.08		\$6.59	

Corix states that Scenario 3 effectively reduces short-term customer impacts compared to Scenarios 1 and 2, without incurring the excessive long-term financing costs associated with Scenario 4. While Scenario 3 does involve higher financing costs than Scenarios 1 and 2, Corix finds these costs are outweighed by the lower bill impact and smoother rate trajectory of Scenario 3.¹⁰¹ Corix submits that its proposal balances the need for financial sustainability with the goal of minimizing customer impact.¹⁰² Further, Corix submits that Scenario 3 also considers the revenue shortfalls arising from the developer’s build-out delays, ensuring that all customers contribute fairly to the RDDA’s recovery.¹⁰³

Positions of the Parties

BCOAPO argues that the proposed rate increases are too front-end loaded and volatile, trigger rate shock and result in an unbalanced sharing of risk between the utility and its customers.¹⁰⁴ BCOAPO presented the following four alternative scenarios to limit the annual Basic Charge rate increases to below 10 percent.

¹⁰⁰ Exhibit B-1, Section 12.3, p. 95.

¹⁰¹ Exhibit B-1, Section 12.3.1, p. 98.

¹⁰² Exhibit B-1, Executive Summary, p. 10.

¹⁰³ Exhibit B-1, Section 10.3.3, p. 76.

¹⁰⁴ BCOAPO Final Argument, pp. 11-12.

Table 6: BCOAPO Alternative RDDA Recovery Scenarios¹⁰⁵

Scenario Analyses	Alternative Scenario 1		Alternative Scenario 2		Alternative Scenario 3		Alternative Scenario 4	
	2045		2044		2044		2050	
	Rate Δ%	Bill Δ%						
RDDA Recovery Year								
Rate Increase / Bill Impact 2025 (Test Year)	10.00%	10.24%	9.00%	9.96%	9.00%	9.96%	8.58%	9.85%
Rate Increase / Bill Impact 2026 (Test Year)	10.00%	-7.67%	9.00%	-8.54%	9.00%	-8.54%	8.58%	-8.90%
Rate Increase / Bill Impact 2027 (Test Year)	10.00%	8.94%	9.00%	8.27%	9.00%	8.27%	8.58%	7.99%
Rate Increase / Bill Impact 2028 (Test Year)	10.00%	7.23%	9.00%	6.51%	9.00%	6.51%	8.58%	6.22%
Rate Increase / Bill Impact 2029 (Indicative)	10.00%	7.47%	10.73%	7.91%	9.00%	6.73%	8.58%	6.43%
Subsequent annual delivery rate increases until full RDDA recovery (indicative)*	10.00%	8.34%	10.73%	8.94%	11.19%	9.18%	8.58%	7.05%
Key Scenario Factors								
Peak RDDA Balance (\$ millions)	\$8.51		\$8.59		\$8.84		\$11.66	
RDDA Max. Size Relative to Rate Base (excl. RDDA) (%)	314%		321%		326%		441%	
Cumulative RDDA Financing Costs from 2025 to RDDA Recovery (\$ millions)	\$8.73		\$8.49		\$8.68		\$13.47	

BCOAPO recommends that the BCUC set rate increases at levels that do not exceed nine percent per year over the Test Period and full recovery of the RDDA by 2044, consistent with BCOAPO Alternative Scenario 3. BCOAPO submits that its proposal, with a cumulative delivery rate increase of 41.2 percent, results in smoother rate increases and is more consistent with the purpose of the RDDA, which is to levelize customer rates for greenfield utilities.¹⁰⁶

BCOAPO acknowledges that its proposed option, Alternative Scenario 3, results in carrying costs that are \$3.6 million higher than Corix’s proposed option. BCOAPO suggests that ratepayers would be indifferent to increased carrying costs, however, if they can use the funds saved from lower and later rate increases to either pay down debt or invest.¹⁰⁷ BCOAPO recommends the target RDDA recovery year of 2044 be reviewed in each subsequent RRRRA, with the possibility of adjustment if financial circumstances and progression to full build-out change.¹⁰⁸

RCIA argues that the proposed rate increases trigger rate shock and will be burdensome on residential end-users.¹⁰⁹

¹⁰⁵ Exhibit B-4, BCOAPO IR 5.5.

¹⁰⁶ BCOAPO Final Argument, p. 13.

¹⁰⁷ BCOAPO Final Argument, p. 13.

¹⁰⁸ BCOAPO Final Argument, p. 15.

¹⁰⁹ RCIA Final Argument, p. 6.

In reply, Corix argues that the BCUC should reject BCOAPO's recommendation to cap annual rate increases at 9 percent over the Test Period because this would require annual rate increases of 11.2 percent from 2031 through 2044. By focusing narrowly on lowering the short-term rates, BCOAPO ignores the inevitable consequence of imposing significantly higher and sustained increases later, which Corix argues will create prolonged financial strain for ratepayers.¹¹⁰

Panel Discussion

The Panel finds it reasonable to calculate the Basic Charge for the Test Period based on Corix's proposed RDDA recovery period. The developer's delay in build-out has resulted in lower customer revenues for Corix. The Panel is persuaded by Corix and interveners that the RDDA recovery period for the levelized rate structure should appropriately smooth out the adverse impact of the build-out delay.

Corix evaluated several possible RDDA recovery periods and BCOAPO offered additional alternatives. To set just and reasonable rates for this Test Period, the Panel must consider which rate smoothing scenario strikes the right balance between immediate and long-term rate increases, longer-term financing costs, and the size of the RDDA amidst the high degree of uncertainty of the full build-out at DGE.

Corix's four scenarios propose steeper rate increases through this Test Period to manage the RDDA balance, followed by lower annual increases until full RDDA recovery, while BCOAPO proposes steady rate increases held to below 10 percent annually for the Test Period in exchange for higher rate increases for the remainder of the RDDA recovery period.

The Panel acknowledges BCOAPO's proposal to keep rates within 10 percent increases annually will mitigate ratepayer impacts. However, BCOAPO's scenarios push the escalating RDDA balance and associated financing costs into the future when there is a high degree of uncertainty regarding the full build-out schedule and future revenue forecasts. Corix would still have to recover these costs from ratepayers through future rate increases. Therefore, we are not persuaded that BCOAPO's approach would yield greater benefits – considered over the duration of the RDDA recovery period – to either Corix or ratepayers as compared to Corix's scenario 3.

The Panel finds that Corix's scenario 3, which models the RDDA recovery period to 2044, strikes the right balance between minimizing immediate rate increases, controlling longer-term financing costs, and managing the size of the RDDA.

3.3 Transfer of the RDDA to Rate Base

When the BCUC approved the establishment of the RDDA with interest applied at weighted-average cost of capital (WACC) in 2018, it did not specify whether the RDDA should be classified as a rate base or non-rate base deferral account. Corix has classified the RDDA as a non-rate base deferral account since its establishment.¹¹¹

¹¹⁰ Corix Final Argument, pp. 6-9, 12.

¹¹¹ Exhibit B-1, Section 10.3.5, p. 78.

Corix now seeks approval to transfer the RDDA to rate base beginning in 2025.¹¹² Corix submits that long-term deferral accounts that attract WACC and are directly related to the delivery revenue requirement, such as the RDDA, should be included in rate base. Corix contrasts this treatment with non-rate base deferral accounts, which it notes are generally reserved for items that do not represent shareholder investment or are not directly tied to the provision of regulated services.¹¹³

Corix states that transferring the RDDA to rate base: (i) promotes transparency and efficiency; (ii) has no impact on carrying costs, customer rates or financial reporting implications; and (iii) is consistent with the BCUC-approved practice of other utilities, including Corix's UBC NDES utility.¹¹⁴ Corix states that the treatment of the RDDA – whether or not it is included in rate base – does not affect carrying costs and customer rates, since the same interest rate (the utility's approved WACC) is applied to calculate financing costs.¹¹⁵ Corix confirms that its audited financial statements reflect the recognition of the 'Regulatory Deferral Account' as a regulatory asset on the balance sheet without the distinction of whether the regulated assets are rate base or non-rate base, aligning Corix's financial reporting with industry practices and regulatory requirements.¹¹⁶

Positions of the Parties

Intervenors do not object to Corix's proposal.¹¹⁷

Panel Determination

Corix is approved to transfer the Revenue Deficiency Deferral Account to a rate base regulatory account. The Panel notes that rate base treatment for the RDDA is consistent with Corix's UBC NDES utility. We accept Corix's observation that the allowed return on a rate base RDDA will be equivalent to a non-rate base RDDA that attracts carrying costs at WACC.

3.4 Function of the RDDA

Corix notes levelized rates are designed to prevent DGE's early customers from bearing a disproportionate share of system costs, thereby ensuring fairness and aligning with regulatory principles of equity and cost recovery. The RDDA is a mechanism for capturing revenue shortfalls prior to full system buildout.¹¹⁸

Corix states that all variances between forecast and actual delivery revenue requirements, except for Corporate and Regional Service costs, are trued up to actual amounts in the DGE RDDA. Corporate and Regional Services Costs are controllable costs and remain at forecast amounts. Corix maintains that the RDDA should continue to function in this manner during the Test Period, with the exception of carving out external regulatory costs, insurance costs and property taxes.¹¹⁹

¹¹² Exhibit B-1, Section 1.3, p. 13.

¹¹³ Exhibit B-1, Section 10.3.5, p. 78.

¹¹⁴ Exhibit B-1, Section 10.3.5, pp. 78-79; Exhibit B-3, BCUC IRs 13.1, 13.3, 13.4; Decision and Order G-255-25.

¹¹⁵ Exhibit B-1, Section 10.3.5, p. 78.

¹¹⁶ Exhibit B-3, BCUC IR 13.4.

¹¹⁷ BCOAPO Final Argument, p. 17; RCIA Final Argument, p. 9.

¹¹⁸ Exhibit B-3 BCUC IR 12.2.

¹¹⁹ Exhibit B-1, Section 10.3.6, pp. 79-80.

In 2024, for another Corix utility, the Burnaby Mountain DE Limited Partnership, the BCUC directed Corix to amend the BMDEU RDDA to record the difference between the BCUC-approved forecast revenues at approved rates and forecast cost of service, starting in the next RRRRA.¹²⁰ Previously, Corix used the BMDEU RDDA for forecast variance treatment to record the difference between forecast and actual costs, except for O&M.¹²¹ The BCUC noted that amending the RDDA in this way requires Corix to bear some forecast risk and incentivizes it to operate efficiently, while providing a reasonable opportunity to earn a fair return on its invested capital.¹²² Similarly, in 2025, the BCUC directed Corix UBCDE Limited Partnership to amend its RDDA for the UBC NDES to record the difference between the BCUC-approved forecast revenues at approved rates and forecast cost of service, starting in the next RRRRA.¹²³

Corix asserts that DGE's RDDA must continue to capture actual revenues, not forecasts.¹²⁴ Corix states DGE as a greenfield utility facing timing risks in customer connections and load growth, rigid adherence to forecast-based revenue requirements could result in significant financial imbalances. Without a variance mechanism, DGE would bear the full financial risk of revenue shortfalls due to connection delays, undermining its ability to recover prudently incurred costs and earn a fair return. Corix points to the Revenue Stabilization Account variance treatment that the BCUC approved for Oakridge Energy, which it submits is consistent with Corix's proposed treatment for the RDDA because the RDDA captures the difference between the actual delivery revenues and the total allowed delivery cost of service.¹²⁵

Positions of the Parties

BCOAPO prefers that the RDDA be maintained for both rate levelization and variance accounting to simplify the regulation of a utility of this size and reduce the potential proliferation of regulatory deferral accounts.¹²⁶

Corix anticipates it would need fourteen new variance accounts if the RDDA were amended to exclude non-controllable cost variances. It submits that this level of granularity may be appropriate for large utilities but is excessive for small utilities like DGE and is ultimately inconsistent with the principle of proportionality in regulation. Corix submits that the current approach ensures the RDDA reflects actual revenues from the Basic Charge and the total allowed delivery cost of service, which includes both actual and forecast components, consistent with the methodology applied across other Corix utilities.¹²⁷

Panel Determination

Corix is directed to record the difference between the BCUC-approved forecast revenues at approved rates and the forecast cost of service in the Revenue Deficiency Deferral Account for the Test Period. Insurance costs, external regulatory costs, and property tax are accounted for separately in Sections 4.2 and 4.3.

¹²⁰ Decision and Order G-348-24, p. 31.

¹²¹ Decision Order G-348-24, Executive Summary, p. ii.

¹²² Decision and Order G-348-24, p. 31.

¹²³ Decision and Order G-255-25, p. 22.

¹²⁴ Exhibit B-1, Section 10.3.6, p. 79.

¹²⁵ Exhibit B-3, BCUC IR 12.2.

¹²⁶ BCOAPO Final Argument p. 17.

¹²⁷ Corix Reply Argument, pp. 13-15.

The Panel notes that the function of the RDDA under a levelized rate structure is to capture the difference between revenue collected during the build-out and the forecast cost of service in any given year. Since some factors are outside the utility's control, certain variance treatment for revenues and costs is allowed on a case-by-case basis. For example, Corix has requested to carve out, for deferral account treatment, insurance costs, external regulatory costs, and property tax. Further, the Panel accepts that the timing of customer connections has been outside of Corix's control, which could cause material variances between forecast and actuals for certain O&M, capital-related components, and ROE. We also accept that Corix has used the RDDA since 2018 for a second function, namely, to capture these variances, instead of recording such variance in separate deferral accounts.

However, Corix faces little to no build-out uncertainty over the Test Period because no new customer connections are expected until 2030 and Corix is simply maintaining the operations of the DGE system at its current state. As such, Corix's forecast revenues should not differ substantially from its actual revenues. In light of these factors, the Panel considers Corix should be held to its forecast costs, subject to the adjustments set out in this decision, and allowed return over the Test Period. Disallowing variance treatment in the RDDA over the Test Period incentivizes Corix to operate efficiently and mitigates ratepayer risk by holding Corix to its forecast revenue requirement for the Test Period, as adjusted in accordance with this decision.

Corix is directed to provide an analysis on the appropriate function of the Revenue Deficiency Deferral Account, including a proposal for the items eligible for variance treatment, in its next Revenue Requirement and Rates Application. The Panel recognizes that the build-out schedule will affect revenues, and more information will be available about the Docksider Green community build-out progress when the next RRRRA is due. However, the Docksider Green project will be 20 years into development by the end of the Test Period in 2028. The Panel considers that the function of the RDDA should be reviewed in each RRRRA to ensure there continue to be an appropriate balance of risk and benefit between Corix's shareholder and ratepayer.

4.0 Other Deferral Account Requests

This section addresses Corix's requests regarding the disposition of the GCOC Variance Deferral Account (VDA), the establishment of two new rate base deferral accounts: a Regulatory Costs Variance Account (RCVA) and an Insurance Cost Variance Account (ICVA), and the PTDA.

4.1 GCOC Variance Deferral Account

In 2024, the BCUC concluded its GCOC Stage 2 proceeding, the purpose of which was to determine the cost of capital for regulated utilities in BC, including Corix. Until the BCUC rendered the GCOC Stage 2 Decision, Corix's rates were set on an interim basis.¹²⁸

The BCUC issued the GCOC Stage 2 Decision on November 29, 2024. In that decision, the BCUC established the deemed equity component and allowed ROE for Corix, effective January 1, 2024.¹²⁹ The BCUC directed Corix to:¹³⁰

¹²⁸ GCOC Stage 1 Decision, Directive 4.

¹²⁹ The GCOC Stage 2 Decision established the 2024 interim Basic Charge rate as permanent (GCOC Stage 2 Decision, p. 99).

¹³⁰ GCOC Stage 2 Decision, p. 99.

- (i) Establish a new GCOC VDA, attracting Corix's WACC, to record the variance between the previously established interim 2024 rates and the rates that would reflect the new cost of capital, effective January 1, 2024; and
- (ii) Address the amounts to be added to the GCOC VDA and their disposition in the sooner of (a) Corix's next rates application (i.e. this Application) or (b) a compliance filing to be filed with the BCUC by January 31, 2025.

In compliance with the GCOC Stage 2 Decision, Corix filed a new rate schedule in a compliance filing with the BCUC to reflect the updated Basic Charge of \$0.4260/m² per month calculated based on the updated cost of capital, effective January 1, 2025 on a permanent basis.¹³¹ The interim Basic Charge rate effective July 1, 2025, as approved by Order G-153-25, is based on a revenue requirement that reflects the new cost of capital parameters from the BCUC's GCOC Stage 2 Decision. Therefore, the GCOC VDA does not include any variance for the period in 2025.¹³²

The variance resulting from the 2024 cost of capital differences approved in the GCOC Stage 2 Decision recorded in the GCOC VDA was \$6,994 (including financing costs) for the period from January 1, 2024 to December 31, 2024. Corix projects a GCOC VDA balance of \$7,553 as of December 31, 2025, and proposes to amortize the balance over a 12-month period from January 1, 2026 to December 31, 2026 within the delivery revenue requirement through the Basic Charge, without the need for a separate rate rider.¹³³ Although Corix expects the GCOC VDA to be fully amortized by December 31, 2026, it proposes that any residual balance be placed in the RDDA on January 1, 2027.¹³⁴

Positions of the Parties

Intervenors did not comment on this matter.

Panel Determination

Corix is approved to amortize the Generic Cost of Capital Variance Deferral Account balance through the Basic Charge over 12 months commencing on January 1, 2026. Corix is approved to transfer any unamortized balance in the Generic Cost of Capital Variance Deferral Account at the end of the 12-month amortization period to the Revenue Deficiency Deferral Account.

The Panel finds Corix's proposal to dispose of the GCOC VDA balance by amortizing it through the Basic Charge over 12 months reasonable due to the relatively small amount of that balance. Similarly, since any residual balance at the end of the 12-month period is expected to be immaterial relative to the overall revenue requirement, the proposal to transfer any unamortized residual balance to the RDDA is more efficient and preferable to seeking further BCUC approval for the disposition of that balance.

¹³¹ Corix DGE Compliance Filing for Order G-321-24 dated January 31, 2025.

¹³² Exhibit B-1, Section 2.7.3, p. 25.

¹³³ Exhibit B-1, Section 10.2.1, p. 71.

¹³⁴ Exhibit B-1, Section 10.2.1, p. 72.

4.2 New Regulatory Costs Variance Account and Insurance Cost Variance Account

Corix requests approval to establish two new deferral accounts, the RCVA and the ICVA, to record variances between forecast and actual for non-controllable external regulatory costs and insurance costs, carving them out of the RDDA where these variances are currently recorded.¹³⁵ Corix states this change would improve transparency and better align cost incurrence with cost recovery.¹³⁶

The RCVA would capture variances in external regulatory costs, including BCUC cost recovery levies, BCUC invoiced costs that Corix is directed to pay, participant cost award payments, public consultation costs and external legal and consulting costs for regulatory proceedings.¹³⁷

The ICVA would record variances for various types of insurance, including liability, property, directors and officers, errors and omissions, and cyber-insurance.¹³⁸ Corix notes that insurance costs have historically been highly variable and are influenced by external market forces, making them difficult to forecast accurately.¹³⁹

Corix proposes to treat both the RCVA and ICVA as rate base deferral accounts earning WACC. It notes that the alternative would be to keep the insurance and regulatory cost variances within the RDDA, which Corix also proposes to treat as a rate base account.¹⁴⁰ Corix proposes to fully amortize the balances in both deferral accounts within the test period of the next RRRR, which it views as an improvement over the RDDA's significantly longer recovery period. Corix adds that this shorter amortization period would limit intergenerational inequity.¹⁴¹

Positions of the Parties

BCOAPO does not oppose the RCVA and ICVA deferral accounts. It submits, however, that these accounts should remain non-rate base and attract weighted-average cost of debt (WACD) instead of WACC since Corix proposes to amortize them over the test period of the next RRRR and therefore these are not long-term investments.¹⁴² BCOAPO further submits both the RCVA and ICVA should be non-rate base deferral accounts as there are no underlying capital assets associated with them. BCOAPO disagrees with Corix that maintaining these deferral accounts as non-rate base accounts will result in significant administrative burden as it is common for BCUC regulated utilities to maintain both rate base and non-rate base deferral accounts.¹⁴³

RCIA has no objection to Corix's proposal regarding the ICVA and RCVA.¹⁴⁴

In reply to BCOAPO's proposal regarding WACD, Corix submits it finances all net investment through a capital structure that includes both equity and debt. Therefore, any shortfall is funded using this mix, not debt alone.

¹³⁵ Exhibit B-1, Sections 10.5 to 10.8, pp. 82-86.

¹³⁶ Exhibit B-1, Section 10.7, p. 84.

¹³⁷ Exhibit B-1, Section 10.5.1, p. 82.

¹³⁸ Exhibit B-1, Section 10.6.2, p. 84.

¹³⁹ Exhibit B-1, Section 10.6.1, p. 83.

¹⁴⁰ Exhibit B-3, BCUC IRs 15.1 and 15.1.1.

¹⁴¹ Exhibit B-1, Section 10.7, pp. 85-86.

¹⁴² BCOAPO Final Argument, p. 19.

¹⁴³ BCOAPO Final Argument, p. 19.

¹⁴⁴ RCIA Final Argument, p. 9.

Excluding equity from the cost of capital for deferral accounts would ignore the actual financing approach used by Corix. The application of WACC is calculated in a manner that reflects the BCUC-approved capital structure applicable to DGE.¹⁴⁵

In reply to BCOAPO's proposal to establish the RCVA and ICVA as non rate-base deferral accounts, Corix submits deferred regulatory assets such as these reflect financed outlay costs directly tied to the provision of regulated service and embody the utility's cost of capital. As such, it is appropriate for these accounts to attract WACC and be included in rate base. Corix further submits that it does not consider the timing of the recovery of a variance relevant for deciding whether a deferral account should be included in the rate base, and notes 70 percent of FortisBC Energy Inc.'s rate base deferral accounts have recovery periods ranging from one to three years.¹⁴⁶

Panel Determination

Corix is directed to establish a Regulatory Costs Variance Account as a non-rate base deferral account to record the variance between forecast and actual external regulatory costs. Corix is also directed to establish an Insurance Cost Variance Account as a non-rate base deferral account to record the variance between forecast and actual insurance costs.

The Panel is satisfied that Corix's external regulatory costs and insurance costs are non-controllable. Allowing variance treatment for the difference between forecast and actual regulatory and insurance costs is consistent with the practice of other Thermal Energy System (TES) utilities. We accept that segmenting external regulatory and insurance costs that would otherwise be included in the RDDA enhances transparency, permits a shorter amortization period compared to recovery in the RDDA, and ultimately reduces carrying costs for ratepayers.

Corix's request to treat the Regulatory Costs Variance Account and Insurance Cost Variance Account as rate base deferral accounts is denied. The BCUC has previously approved deferral accounts of a similar nature for other TES utilities as non-rate base deferral accounts, including those of Corix's BMDEU and UBC NDES, and we find no compelling reason to deviate from that treatment in this instance.

The Regulatory Costs Variance Account and Insurance Cost Variance Account are approved to accrue carrying charges at Corix's weighted average cost of capital. The Panel finds that WACC is a reasonable financing cost rate for the RCVA and ICVA. Although BCOAPO suggests these accounts should attract WACD because of the short amortization period, the Panel notes that WACD typically reflects the costs of borrowing for a company based on its specific debt instruments. There is no evidence to support that Corix would only use debt to finance these deferral accounts.

Corix is approved to fully amortize any balance in the Regulatory Costs Variance Account and Insurance Cost Variance Account at the end of the current Test Period over the next test period through adjustments to the Basic Charge. The Panel accepts Corix's proposal to align the amortization period of the RCVA and the ICVA with the test period of the next RRRR, which allows for a smooth recovery of these costs over a defined period.

¹⁴⁵ Corix Reply Argument, p. 22

¹⁴⁶ Corix Reply Argument, pp. 22-23.

4.3 Property Tax Deferral Account

In 2023, the BCUC approved¹⁴⁷ Corix's request to establish a non-rate base PTDA to record the annual variances between the BCUC-approved forecast and actual property taxes for DGE from 2023 onwards, attracting interest at DGE's WACC. The BCUC also approved Rate Rider 1 to recover or refund the year-end balance in the PTDA over a one-year period.¹⁴⁸

Corix proposes to discontinue Rate Rider 1 and the associated rate rider rate-setting mechanism and instead amortize the ending balance of the PTDA in each subsequent RRRR through the Basic Charge.¹⁴⁹ Corix explains that under this approach, any variances between forecast and actual property taxes will be captured within the PTDA and subsequently amortized in full as part of the next RRRR.¹⁵⁰ This proposed treatment is consistent with the approach outlined for the RCVA and ICVA, as discussed in Section 4.2. Corix states that aligning the treatment of these deferral accounts under a unified methodology enhances regulatory coherence and simplifies the review process for both the utility and the BCUC. Corix notes that this approach reduces administrative burden by eliminating the need for a separate rate rider.¹⁵¹

Corix also proposes to transfer the PTDA to rate base. Corix explains that the PTDA is functionally and financially similar to other regulatory assets already included or proposed to be included in rate base, such as the RCVA and ICVA. Since it earns the same WACC as other rate base items, including the PTDA in rate base ensures consistent application across all qualifying assets.¹⁵²

Positions of the Parties

Intervenors did not comment on this matter.

Panel Determination

Corix is approved to discontinue Rate Rider 1 and the associated rate rider rate-setting mechanism effective April 1, 2026. The Panel notes that Rate Rider 1 was implemented in 2023 to address the increase in property taxes as compared to the approved forecast in the 2019 RRRR. Now that Corix has filed this RRRR with updated costs including property taxes, the Panel accepts that Rate Rider 1 is no longer necessary. As such, **Corix is approved to fully amortize any balance in the Property Tax Deferral Account at the end of each test period over the test period of each subsequent Revenue Requirement and Rates Application through adjustments to the Basic Charge.**

Corix is directed to maintain the Property Tax Deferral Account as a non-rate base deferral account accruing carrying charges at Corix's weighted average cost of capital. The Panel is not persuaded that the PTDA should be treated as a rate base deferral account, for the same reasons provided in Section 4.2 above regarding the RCVA and ICVA. Instead, the Panel considers that consistent with prior practice, it would be appropriate to keep

¹⁴⁷ Order G-225-23, dated August 23, 2023.

¹⁴⁸ Order G-255-23, dated August 23, 2023; Exhibit B-1, Section 10.4, p. 80.

¹⁴⁹ Exhibit B-1, Section 10.4.1, p. 81; Exhibit B-3, BCUC IR 15.3

¹⁵⁰ Exhibit B-1, Section 10.4.1, p. 81.

¹⁵¹ Exhibit B-1, Section 10.4.1, p. 81.

¹⁵² Exhibit B-1, Section 10.4.2, p. 81.

the PTDA as a non-rate base account to record variances between the BCUC-approved forecast and actual property taxes for DGE, accruing carrying charges at DGE's WACC.

5.0 Letters of Comment

The BCUC received 14 letters of comment in this proceeding opposing the proposed rate increases and expressing concern regarding issues such as affordability, the lack of transparency and the quality of service. Some letters also note Corix's monopoly at the Dockside Green community and question the consequences of Corix's financial shortfalls and build-out delays.¹⁵³

Some letters of comment also mention the administrative fees charged by a submetering third-party, Enerpro Systems Corp. Corix clarifies that these fees are not part of the RRRRA and that it is not affiliated with Enerpro Systems Corp.¹⁵⁴

Positions of the Parties

Corix acknowledges that the letters, which describe the rate increases as excessive, unjustified, and punitive, express widespread concern and strong opposition.¹⁵⁵

Corix asserts that the requested rate increases are necessary to address several cost pressures that have developed since 2018, including the depletion of the \$1 million contribution, build-out delays, higher labour costs than anticipated in the 2019 RRRRA, higher financing costs following the BCUC's GCOC Stage 2 Decision, and significantly higher property taxes due to the expiry of the tax exemption. Corix submits that these cost pressures contribute to the accumulating RDDA balance, which Corix finances, and that the proposed rates are necessary to address the rising RDDA balance and associated financing costs. In the absence of the proposed rate increases, Corix states the RDDA would continue to grow unsustainably, undermining long-term stability for customers.¹⁵⁶

Panel Discussion

The Panel has reviewed all of the letters of comment carefully. We have factored in the concerns raised in the various findings and determinations made throughout this decision. We recognize that Corix proposes Basic Charge rate increases that are much higher than the rates the BCUC approved in 2019. The BCUC's mandate, however, requires that the Panel balance the interests of customers and the utility shareholder.

The evidence shows that the costs to serve DGE such as financing, labour and property tax are increasing, whereas the revenues are lower than expected due to build-out delays. The Panel considers Corix's proposed rate Scenario 3, as discussed in Section 3.2, strikes the right balance between minimizing immediate rate increases, controlling longer-term financing costs, and managing the size of the RDDA. Further, as discussed in Section 3.4, the Panel has determined that Corix should be held to its cost forecast over the Test Period since there is little to no uncertainty regarding build-out. As Corix will no longer be allowed to record adjustments for

¹⁵³ Exhibits D-1 to D-14; Corix Reply to Letters of Comment, p. 2.

¹⁵⁴ Exhibit B-7, p. 8.

¹⁵⁵ Corix Reply to Letters of Comment, p. 2.

¹⁵⁶ Corix Reply to Letters of Comment, pp. 3-4.

actual costs in the RDDA for the Test Period, unless otherwise approved by the BCUC, this will encourage the utility to operate efficiently and provide some degree of rate certainty to customers.

6.0 Overall Determination on the Revenue Requirement and Basic Charge Rates

In this section, the Panel sets out its overall determination on the Basic Charge rates for the Test Period, which are based on the revenue requirement and proposed RDDA recovery plan. In addition, we examine the overall bill impact and provide our determinations regarding the disposition of the variance between interim and permanent rates, and the timing of Corix’s next RRRR.

Corix proposes to increase the 2025 Basic Charge by 30 percent effective July 1, 2025, followed by 25 percent in 2026, 15 percent in 2027 and 12 percent in 2028, effective January 1 of each year. Corix acknowledges this represents a cumulative Basic Charge rate increase of 109.3 percent over the Test Period.¹⁵⁷

Table 7: BCUC-Approved and Proposed Basic Charge Rates for DGE¹⁵⁸

	Approved	Proposed	Proposed	Proposed	Proposed
Effective Date	January 1, 2025	July 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
Basic Charge (\$/m ² per month)	0.4260	0.5538	0.6923	0.7961	0.8916

Corix submits that its strategy of front-loading the Basic Charge rate increases would minimize the RDDA balance earlier and reduce long-term financing costs.¹⁵⁹ Corix concludes that a target RDDA recovery period ending in 2044 (i.e. Scenario 3 from Section 3.2) allows for gradual Basic Charge rate increases that are both reasonable and necessary to manage the growing RDDA.¹⁶⁰

Given the length of time that has passed and the material changes to its revenue requirement, Corix states that the Basic Charge rates approved in the 2019 RRRR are insufficient to maintain a reasonable RDDA balance. Corix submits that it was able to limit the average annual Basic Charge rate increase to 2.9 percent per year between 2019 and 2023 due to the \$1 million contribution. However, the funding that allowed Corix to hold rates at an artificially low level to protect customers during the early stages of its operations has been depleted. Corix submits that the proposed rates are necessary to ensure it remain financially sustainable and capable of delivering reliable service over the long-term.¹⁶¹

Corix notes that while the proposed rate increases may initially appear significant, the actual impact on customer bills is more moderate when factoring in the Variable Energy Charge.¹⁶² Overall, Corix estimates the average customer bill impact from 2025 to 2028 to reflect a cumulative increase of approximately 46 percent, equating to an average annual increase of 9.9 percent per year over the Test Period.¹⁶³

¹⁵⁷ Exhibit B-1, Section 12.3, Table 26, p. 95.

¹⁵⁸ Exhibit B-1, Section 12.4, Table 27, p. 98.

¹⁵⁹ Corix Final Argument, p. 12.

¹⁶⁰ Corix Final Argument, pp. 11-12.

¹⁶¹ Corix Final Argument, p. 7.

¹⁶² Exhibit B-1, Section 13.3, p. 101; Corix Reply to Letters of Comment, p. 5.

¹⁶³ Corix Final Argument, p. 28.

In Table 8 below, Corix estimates the overall annual bill impact, including the Variable Energy Charge and Rate Rider 1, of its rate proposals based on an 800 square foot residential unit.¹⁶⁴

Table 8: Estimated Overall Annual Bill Impact

Annual Bill Impact	2024	2025	2026	2027	2028
Existing Basic Charge (\$/m ² per Month)	0.4150	0.4260	--	--	--
Proposed Basic Charge (\$/m² per Month)	--	0.5538	0.6923	0.7961	0.8916
Variable Energy Charge (\$/kWh) (indicative)	0.0420	0.0370	0.0446	0.0456	0.0463
Rate Rider 1 (\$/m ² per Month)	0.1210	0.1834	0.01834	--	--
Annual Change in Basic Charge (%)		30.00%	25.00%	15.00%	12.00%
Annual Change in Variable Charge (%)		-11.83%	20.45%	2.18%	1.67%
800 sq. ft. Residential Suite					
Basic Charge Cost (\$)	369	435	615	707	792
Variable Energy Charge Cost (\$)	232	204	214	251	255
Rate Rider 1 (\$)	81	149	21	-	-
Total Annual Bill (\$)⁽¹⁾	681	788	850	958	1,047
Annual Change in Bill (\$)		108	62	108	89
Annual Change in Bill (%)		15.80%	7.82%	12.75%	9.29%

Note: Rate Rider 1 is for the recovery of the PTDA. See Section 4.3.

Final Compliance Filing and Variance Between Interim and Permanent Rates

As previously noted, a Basic Charge rate of \$0.5538/m² per month was approved on an interim and refundable/recoverable basis, effective July 1, 2025.¹⁶⁵ Corix’s request for interim approval of a Basic Charge of \$0.6923/m² per month, effective January 1, 2026, was denied because the Panel considered it was not in the customers’ interest to experience another rate change while the permanent rate decision (i.e. this decision) was pending. Corix was directed to maintain the interim Basic Charge of \$0.5538/m² per month on an interim and refundable/recoverable basis, effective January 1, 2026.¹⁶⁶

¹⁶⁴ Exhibit B-1, Section 13.3, Table 29, pp. 100-101.

¹⁶⁵ Exhibit A-2, Order G-153-25, dated June 20, 2025.

¹⁶⁶ Exhibit A-7, Order G-291-25, dated December 8, 2025.

To dispose of the variances between 2025 and 2026 interim and permanent rates, Corix initially presented several options: (i) to record the variance in the RDDA; (ii) to re-calculate the individual monthly bills of each customer based on the final approved rates; or (iii) to aggregate the variance, and either refund to or recover from customers via a rate rider. Ultimately, due to the uncertainty of the Panel determinations in this decision and the potential magnitude of the impacts, Corix proposes to provide a recommendation for the disposition of interim rates in a compliance filing following this decision.¹⁶⁷

Filing Deadline

Corix last filed an application to set Basic Charge rates for DGE for the period from January 1, 2019 to December 31, 2023, and did not file its next application until June 3, 2025 (i.e. this Application). Although Corix's cost of service was higher than expected and forecast revenues did not materialize as planned during the 2019 to 2023 test period,¹⁶⁸ Corix did not apply to adjust Basic Charge rates for 2024 or the first half of 2025, other than to update its allowed return following the GCOC Stage 2 Decision.

Positions of the Parties

Intervenors and Corix's positions regarding the Basic Charge rate increases are discussed in Section 3.2 above.

As for the timing of RRRAs, BCOAPO argues that in failing to file a rate application in a timely manner, Corix now burdens ratepayers with annual Basic Charge rate increases at rate shock levels. BCOAPO views that it is the utility's responsibility to file timely rate applications, regardless of competing priorities and staffing limitations. BCOAPO recommends the Panel set a firm filing deadline for Corix's next RRRR and direct Corix to file applications regularly thereafter, with no more than three years between each filing.¹⁶⁹

In reply, Corix submits that the timing of its filing is not the cause of the proposed rate increases. Corix argues that even if it had filed this RRRR one year earlier, the same cost pressures, such as rising property taxes or the depletion of the \$1 million contribution, would apply, resulting in the same level of rate increases. Corix reiterates that the \$1 million contribution suppressed rates and regardless of when this credit was exhausted, a significant rate increase would have been necessary to catch up with a reasonable level of cost recovery.¹⁷⁰

Corix does not object to the Panel setting a filing deadline for its next RRRR and suggests November 30, 2028.¹⁷¹

Panel Determination

The Panel has reviewed the various components of the 2025 to 2028 forecast revenue requirement for DGE. Subject to adjustments to reflect the directives and determinations in this decision, Corix's forecast revenue requirement is approved as set out in Table 1 in Section 2.0. The forecast revenue requirement as adjusted reasonably reflects Corix's cost of service and is an appropriate basis on which to set Basic Charge rates for the Test Period.

¹⁶⁷ Corix Final Argument, p. 6.

¹⁶⁸ Exhibit B-1, Section 10.3.1, p. 72.

¹⁶⁹ BCOAPO Final Argument, pp. 7 and 17.

¹⁷⁰ Corix Reply Argument, p. 18.

¹⁷¹ Corix Reply Argument, pp. 18-19.

The Panel notes Corix has not revised its rates since 2019, and since then, DGE customers have benefitted from the \$1 million contribution from the previous owner to help keep rates low in the initial years of Corix's ownership of DGE. The rate increases in the Test Period are catching up to reflect today's cost of providing safe and reliable service to DGE's customers, and the less-than-anticipated revenue generation of past years due to the developer's build-out delay.

The Panel assessed the rate increases from the perspective of year-over-year percentage increases and customer bill impacts and considered the comments in the letters received from affected parties. We have adjusted certain costs and smoothed out rates by way of extending the RDDA recovery period to 2044.

Accordingly, **Corix is approved to charge the following Basic Charge rates on a permanent basis, as adjusted in accordance with the directives and determinations outlined in this decision:**

- **\$0.5538/m² per month effective July 1, 2025**
- **\$0.6923/m² per month effective January 1, 2026**
- **\$0.7961/m² per month effective January 1, 2027**
- **\$0.8916/m² per month effective January 1, 2028**

Corix is directed to include the following additional information as part of its March 23, 2026 compliance filing pursuant to Section 2.1.1 above:

- 1. Revised financial model in Excel format and schedules with any applicable adjustments to its revenue requirement, Basic Charge rates, and estimated bill impacts, to reflect the directives and determinations made throughout this decision;**
- 2. Supporting calculations to show the adjustments to the July 1, 2025 and January 1, 2026 Basic Charge rates resulting from the differences between interim and permanent rates; and**
- 3. Corresponding tariff pages for BCUC endorsement.**

Corix is directed to record the variances between the interim and permanent rates, as a one-time adjustment in the Revenue Deficiency Deferral Account following the BCUC's acknowledgement of the Compliance Filing. This treatment of the difference between interim and permanent Basic Charge rates is consistent with the BCUC's determination in the 2019 RRR, and the Panel sees no reason to depart from this approach at this time.

Corix is directed to file its next Revenue Requirement and Rates Application by November 1, 2028. Although it is the responsibility of the utility to file regular, timely rate applications, the Panel views that setting out a firm filing deadline will enable timely rate adjustments if required and improve transparency in costs for ratepayers. Also, Corix does not oppose BCOAPO's recommendation that the BCUC set a firm deadline for the next rate application. The Panel considers an earlier deadline than Corix's proposal of November 30, 2028 is appropriate to allow sufficient time for the BCUC to review the application and any interim rate requests.

7.0 Confidentiality

In accordance with BCUC's Rules of Practice and Procedure, Corix requests that the following information remain confidential in perpetuity: (i) the financial model accompanying the Application as filed in Exhibit B-1-1; (ii) the list of customers notified of the Application as filed in Exhibit B-2-1; and (iii) the unredacted responses to BCUC IR No. 1 as filed in Exhibit B-3-1.

Corix submits these documents contain commercially sensitive information integral to its competitive position in a market where district energy operators often bid for contracts. Disclosing these details would provide counterparties and competitors with valuable insight into the financial modelling of Corix's district energy utilities, potentially undermining Corix's negotiating position and resulting in unfavourable rates and agreements for existing or future customers.¹⁷²

Panel Determination

The financial model accompanying the Application in Exhibit B-1-1, the list of customers notified of the Application in Exhibit B-2-1, and the unredacted responses to BCUC Information Request No. 1 in Exhibit B-3-1 will be kept confidential unless otherwise directed by the BCUC. The Panel accepts that these documents contain commercially sensitive information and that disclosure could adversely affect Corix's competitive position and negotiating leverage in the district energy market.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of February 2026.

Electronically signed by Wendy Royle

W. E. Royle
Panel Chair

Electronically signed by Blair Lockhart

E. B. Lockhart
Commissioner

¹⁷² Exhibit B-1, Section 1.3.4, pp. 15-16; Corix Final Argument, p. 2.

Corix Dockside Green DE Limited Partnership
Corix Dockside Green DE 2025 to 2028 Revenue Requirements and Rates

LIST OF ACRONYMS

Acronym	Description
2019 RRRRA	Corix Multi-Utility Services Inc. Revenue Requirements and Rates Application for the Dockside Green District Energy Utility, Order G-248-19, dated October 16, 2019
2024 Restructuring	Corix Restructuring and Business Combinations Transactions completed as of April 1, 2024
2024 Restructuring Decision	Corix Multi-Utility Services Restructuring and Business Combination Transactions, Decision and Order G-279-23, dated October 18, 2023
Application	Corix's application for approval of the revenue requirement and Basic Charge rates for Dockside Green Energy from July 1, 2025 to December 31, 2028
Basic Charge	A monthly \$/m ² charge to DGE customers to recover capital and operating costs
BCOAPO	British Columbia Old Age Pensioners' Organization, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Tenants Resource and Advisory Centre
BCUC	British Columbia Utilities Commission
BMDEU	Burnaby Mountain District Energy Utility
CAM	Cost Allocation Methodology
CMUS	Corix Multi-Utility Services Inc.
Corix	Corix Dockside Green DE Limited Partnership
Corix Restructuring and Business Combinations Transactions	In 2023, the BCUC approved a reorganization and restructuring of Corix Multi-Utility Services Inc. and its affiliates
Corporate Services Costs	Shared costs incurred at the corporate level to provide a variety of services to all affiliates, including DGE
CPCN	Certificate of Public Convenience and Necessity
DGE	Dockside Green Energy
DGELLP	Dockside Green Energy LLP
FTE	Full-time equivalent

GCOC	Generic Cost of Capital
GCOC Stage 2 Decision	BCUC Generic Cost of Capital Stage 2, Decision and Order G-321-24, dated November 29, 2024
GCOC VDA	GCOC Variance Deferral Account
ICVA	Insurance Cost Variance Account
IR	Information Request
m ²	Square metre
O&M	Operating and Maintenance
PTDA	Property Tax Deferral Account
RCIA	Residential Consumer Intervener Association
RCVA	Regulatory Costs Variance Account
RDDA	Revenue Deficiency Deferral Account
Regional Services Costs	Shared costs incurred at the regional level to provide a variety of services to relevant affiliates, including DGE
ROE	Return on equity
RRRA	Revenue Requirement and Rates Application
TSBC	Technical Safety BC
Test Period	The Test Period for this Application is from July 1, 2025 to December 31, 2028
TES	Thermal Energy System
UBC NDES	University of British Columbia Neighbourhood District Energy System
UCA	<i>Utilities Commission Act</i>
Variable Energy Charge	A charge to DGE customers to recover energy costs. The BCUC reviews the Variable Energy Charge under a separate flow-through energy cost rate-setting mechanism.
WACC	Weighted Average Cost of Capital
WACD	Weighted-Average Cost of Debt

Corix Dockside Green DE Limited Partnership
Dockside Green DE 2025 to 2028 Revenue Requirements and Rates

EXHIBIT LIST

Exhibit No. **Description**

BCUC DOCUMENTS

A-1	June 16, 2025 – Panel Appointment
A-2	June 20, 2025 – BCUC Order G-153-25 establishing a regulatory timetable
A-3	July 29, 2025 – Intervener registration and participation
A-4	July 30, 2025 – BCUC Information Request No. 1 to Corix DGE
A-5	October 2, 2025 – Response to Intervener Request
A-6	October 10, 2025 – BCUC Order G-245-25 amending the regulatory timetable
A-7	December 8, 2025 – BCUC Order G-291-25 regarding interim rates
A-8	February 17, 2026 – BCUC letter regarding BCOAPO Name Change

BCUC STAFF DOCUMENTS

A2-1	July 28, 2025 – BCUC Staff submitting Corix response to Staff Questions No. 1
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APPLICANT DOCUMENTS

B-1	PUBLIC – June 3, 2025 – CORIX (CORIX) – DGE 2025 to 2028 Revenue Requirements and Rates Application
B-1-1	CONFIDENTIAL – June 3, 2025 – Corix submitting confidential financial model
B-2	PUBLIC – July 10, 2025 – Corix submitting public notice confirmation
B-2-1	CONFIDENTIAL – July 10, 2025 – Corix submitting public notice confirmation
B-3	PUBLIC – September 12, 2025 – Corix submitting response to BCUC Information Request No. 1

B-3-1	CONFIDENTIAL – September 12, 2025 – Corix submitting response to BCUC Information Request No. 1
B-4	September 12, 2025 – Corix submitting response to BCOAPO Information Request No. 1
B-5	September 12, 2025 – Corix submitting response to RCIA Information Request No. 1
B-6	September 16, 2025 – Corix submitting public notice confirmation
B-7	October 7, 2025 – Corix submitting response to Letters of Comment

INTERVENER DOCUMENTS

C1-1	July 24, 2025 – BC OLD AGE PENSIONERS’ ORGANIZATION, COUNCIL OF SENIOR CITIZENS’ ORGANIZATIONS OF BC, DISABILITY ALLIANCE BC, AND TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO) – Requests to Intervene by Leigha Worth
C1-2	August 7, 2025 – BCOAPO submitting Information Request No. 1 to Corix
C1-3	October 9, 2025 – BCOAPO submitting Final Argument extension request
C1-4	February 9, 2026 – BCPIAC submission regarding BCOAPO and change in client organizations
C2-1	July 24, 2025 - RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) – Requests to Intervene Abdulrahman Abomazid
C2-2	August 7, 2025 – RCIA submitting Information Request No. 1 to Corix

LETTERS OF COMMENT

D-1	June 18, 2025 – NICHOLLS, B. (NICHOLLS) – Letter of comment
D-2	July 11, 2025 – ROMAN, V. (ROMAN) – Letter of comment
D-3	July 12, 2025 – BROWNE, A. (BROWNE) – Letter of comment
D-4	July 21, 2025 – NEJAT, H. S. (NEJAT) – Letter of comment
D-5	July 29, 2025 – DEGIOVANNI, A. (DEGIOVANNI) – Letter of comment

D-6	August 24, 2025 – STEWARDSON, D. (STEWARDSON) – Letter of comment
D-7	August 28, 2025 – FLANAGAN, M., DE MONTMORENCY, J., MCLAREN, S. – Letter of comment
D-8	September 16, 2025 – FERNANDEZ, J. (FERNANDEZ) – Letter of comment
D-9	September 18, 2025 – XU, Q. (XU) – Letter of comment
D-10	September 18, 2025 – THOMPSON, T. (THOMPSON) – Letter of comment
D-11	September 18, 2025 – CHAPMAN, P. (CHAPMAN) – Letter of comment
D-12	September 19, 2025 – JOHNSON, J. (JOHNSON) – Letter of comment
D-13	September 19, 2025 – VALIHRACH, L. (VALIHRACH) – Letter of comment
D-14	September 18, 2025 – JARIWALA, A. (JARIWALA) – Letter of comment

Corix Dockside Green DE Limited Partnership
Dockside Green DE 2025 to 2028 Revenue Requirements and Rates

SUMMARY OF DIRECTIVES/DETERMINATIONS

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

Directive/Determination	Page
The Panel finds Corix's forecast O&M costs reasonable for the purpose of setting rates for the Test Period, with the exception of the forecast corporate and regional services costs, which are addressed in Section 2.1.1 below.	8
The Panel finds Corix's proposed forecast Corporate and Regional Services Costs unreasonable for the Test Period and considers reductions are warranted.	11
Corix is directed to adjust Corporate and Regional Services Costs to \$276,846 in 2025, \$285,150 in 2026, \$293,705 in 2027 and \$302,516 in 2028 for the purpose of setting Basic Charge rates for the Test Period, subject to an adjustment to reflect that the Test Period starts on July 1, 2025.	12
Corix is directed to file a compliance filing by March 23, 2026, in accordance with Section 6.0, that includes: <ol style="list-style-type: none"> 1. Supporting calculations and revised financial schedules reflecting the approved Corporate and Regional Services Costs for each of 2025, 2026, 2027 and 2028; and 2. The reduced Basic Charge rate for each of 2025, 2026, 2027 and 2028 as adjusted for the approved Corporate and Regional Services Costs, and in accordance with the directives and determinations in this decision. 	12
The Panel finds the forecast property tax costs are reasonable for the Test Period.	13
The Panel finds the forecast capital expenditures reasonable for the Test Period.	14
Corix is directed to provide an update on the status of the decarbonization project in its next Revenue Requirement and Rates Application.	14
The Panel accepts the proposed capitalized overhead methodology for DGE.	15
Corix is directed to file a risk assessment plan for the DGE system in its next Revenue Requirement and Rates Application. The risk assessment plan must evaluate the updated state of development and must address a range of scenarios including the possibility that no new connections materialize. For each scenario, Corix must include the indicative rates at the prevailing Revenue Deficiency Deferral Account balance, cost saving measures or opportunities to increase revenue, and rate smoothing strategies as appropriate.	17

The Panel finds it reasonable to calculate the Basic Charge for the Test Period based on Corix's proposed RDDA recovery period.	20
Corix is approved to transfer the Revenue Deficiency Deferral Account to a rate base regulatory account.	21
Corix is directed to record the difference between the BCUC-approved forecast revenues at approved rates and the forecast cost of service in the Revenue Deficiency Deferral Account for the Test Period.	22
Corix is directed to provide an analysis on the appropriate function of the Revenue Deficiency Deferral Account, including a proposal for the items eligible for variance treatment, in its next Revenue Requirement and Rates Application.	23
Corix is approved to amortize the Generic Cost of Capital Variance Deferral Account balance through the Basic Charge over 12 months commencing on January 1, 2026.	24
Corix is approved to transfer any unamortized balance in the Generic Cost of Capital Variance Deferral Account at the end of the 12-month amortization period to the Revenue Deficiency Deferral Account.	24
Corix is directed to establish a Regulatory Costs Variance Account as a non-rate base deferral account to record the variance between forecast and actual external regulatory costs.	26
Corix is also directed to establish an Insurance Cost Variance Account as a non-rate base deferral account to record the variance between forecast and actual insurance costs.	26
Corix's request to treat the Regulatory Costs Variance Account and Insurance Cost Variance Account as rate base deferral accounts is denied.	26
The Regulatory Costs Variance Account and Insurance Cost Variance Account are approved to accrue carrying charges at Corix's weighted average cost of capital.	26
Corix is approved to fully amortize any balance in the Regulatory Costs Variance Account and Insurance Cost Variance Account at the end of the current Test Period over the next test period through adjustments to the Basic Charge.	26
Corix is approved to discontinue Rate Rider 1 and the associated rate rider rate-setting mechanism effective April 1, 2026.	27
Corix is approved to fully amortize any balance in the Property Tax Deferral Account at the end of each test period over the test period of each subsequent Revenue Requirement and Rates Application through adjustments to the Basic Charge.	27
Corix is directed to maintain the Property Tax Deferral Account as a non-rate base deferral account accruing carrying charges at Corix's weighted average cost of capital.	27

<p>The Panel has reviewed the various components of the 2025 to 2028 forecast revenue requirement for DGE. Subject to adjustments to reflect the directives and determinations in this decision, Corix's forecast revenue requirement is approved as set out in Table 1 in Section 2.0.</p>	31
<p>Corix is approved to charge the following Basic Charge rates on a permanent basis, as adjusted in accordance with the directives and determinations outlined in this decision:</p> <ul style="list-style-type: none"> • \$0.5538/m² per month effective July 1, 2025 • \$0.6923/m² per month effective January 1, 2026 • \$0.7961/m² per month effective January 1, 2027 • \$0.8916/m² per month effective January 1, 2028 	31
<p>Corix is directed to include the following additional information as part of its March 23, 2026 compliance filing pursuant to Section 2.1.1 above:</p> <ol style="list-style-type: none"> 1. Revised financial model in Excel format and schedules with any applicable adjustments to its revenue requirement, Basic Charge rates, and estimated bill impacts, to reflect the directives and determinations made throughout this decision; 2. Supporting calculations to show the adjustments to the July 1, 2025 and January 1, 2026 Basic Charge rates resulting from the differences between interim and permanent rates; and 3. Corresponding tariff pages for BCUC endorsement. 	32
<p>Corix is directed to record the variances between the interim and permanent rates, as a one-time adjustment in the Revenue Deficiency Deferral Account following the BCUC's acknowledgement of the Compliance Filing.</p>	32
<p>Corix is directed to file its next Revenue Requirement and Rates Application by November 1, 2028.</p>	32
<p>The financial model accompanying the Application in Exhibit B-1-1, the list of customers notified of the Application in Exhibit B-2-1, and the unredacted responses to BCUC Information Request No. 1 in Exhibit B-3-1 will be kept confidential unless otherwise directed by the BCUC.</p>	32