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**VIA EMAIL**

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January 13, 2012

**FEI DELTA SCHOOL DISTRICT 37**  
**THERMAL ENERGY SERVICE CONTRACTS CPCN**  
**EXHIBIT A2-19**

Ms. Diane Roy  
Director, Regulatory Affairs –Gas  
FortisBC Energy Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.  
Project No. 3698648  
Application for Certificate of Public Convenience and Necessity  
for Approval of Contracts and Rate for Public Utility Service to  
Provide Thermal Energy Service to Delta School District Number 37

Commission staff submits the following document for the record in this proceeding:

Exhibit C12-10 from the FortisBC Energy Alternative Energy Solutions and Other New Initiatives Inquiry

Yours truly,

Alanna Gillis

elm

Enclosure

cc: Registered Interveners  
(FEI-SD37-TES-RI)

**BCUC Inquiry into FEI Alternative Energy Solutions and Other New Initiatives**  
**Corix Utilities Inc.**  
**Response to FortisBC Energy Utilities (“FEU”) Information Request No. 1**

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- 1.0 Reference:** Corix Infrastructure Inc., Corix Utilities Inc., and affiliate companies; Exhibit C12-6, pages 1-2
- Preamble:** “Corix Infrastructure Inc. is a private company headquartered in Vancouver BC. It is involved in three main lines of business:
- Utilities, including energy, water and wastewater operations, both regulated and non-regulated, operating in three Canadian provinces and three US states;
  - Utility services, including meter installation and reading, designing and building water and wastewater facilities; and
  - Distributing utility products from 41 locations across North America, including pipes, valves, meters, irrigation equipment and related components.”
- 1.1 Request:** Is Corix Infrastructure Inc. a holding company or does it undertake these activities in its own name?
- Response:** Corix Infrastructure Inc. is the parent company. It maintains head office staff. These activities are undertaken by operating companies.
- 1.2 Request:** Please identify all of the Corix entities (including Corix Infrastructure Inc., Corix Utilities Inc. (“Corix”), Corix Multi-Utility Services Inc., and any affiliates or subsidiary entities) that engage in the activities described in the first bullet under the above quote from page 1 of Exhibit C12-6.
- Response:** Exhibit C12-6 identifies all Corix entities that engage in the referenced activities in B.C. Corix declines to list affiliates that do not operate in B.C. or do not engage in activities that are the subject of this inquiry since that information is not relevant to this inquiry into FEI AES.
- 1.3 Request:** For each of the entities identified in 1.2 (including Corix Infrastructure Inc., Corix Utilities Inc. (“Corix”), Corix Multi-Utility Services Inc., and any affiliates or subsidiary entities), please provide the following information:
- 1.3.1** The location of each of its utilities;
  - 1.3.2** A description of the services provided by each of its utilities;

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**1.3.3 The service territory of each of its utilities;**

**1.3.6 Whether its thermal energy utilities are discrete or district in nature;**

**1.3.10 Identify which of the entity’s utilities Corix considers to be regulated (and regulated by whom), and which are unregulated.**

**Response:** Please refer to the table below for responses to FEU IRs. 1.1.3.1 – 1.1.3.4, 1.1.3.6, and 1.1.3.10. All utilities are located in B.C.

**Table 1.3**

<b>Utility</b>	<b>Project</b>	<b>Services</b>	<b>Service “territory”</b>	<b>Number of Customers</b>	<b>Regulator</b>
Corix Utilities Inc	Langford waste water	Wastewater services	City of Langford	9,400	City of Langford
	Dockside Green Energy LLP	District Energy	Dockside Green development, Victoria	5	BCUC
Corix Multi-Utility Services Inc	Lonsdale	District Energy – finance/design/build energy plants, operations and customer care for utility	Lower Lonsdale, City of North Vancouver	17	City of North Vancouver
	UniverCity	District Energy	UniverCity, Burnaby Mountain	1	BCUC
	Panorama	Propane, water and wastewater	Panorama Mountain Village	Propane: 210 Water: 335 WW: 250	BCUC (propane), Water Comptroller (water)
	Lindell Beach	Water and wastewater	Lindell Beach and Cultus Country	Water: 365 WW: 365	Water Comptroller
	Sun Rivers	Natural gas, electricity, water, wastewater, geo-exchange	Sun Rivers	Gas: 420 Elec: 680 Water: 465 WW: 450	BCUC (gas and electric)

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				Geo: 650	
	Sonoma Pines	Natural gas and electricity	Sonoma Pines	Gas: 350 Elec: 350	BCUC

**Request:** 1.3.5 The heat output of any thermal energy system(s) it operates;

**Response:** The requested information is not relevant to this inquiry into FEI AES.

**Request:** 1.3.11 For each of the water or energy utilities in BC identified as unregulated in 1.3.10, please

1.3.11.1 explain why Corix is of the view that they are not regulated under the Utilities Commission Act or BC Water Utility Act; and

1.3.12 For each of the water or energy utilities in BC identified as regulated, please

1.3.12.1 explain why Corix is of the view that they are regulated under the Utilities Commission Act or the BC Water Utility Act;

**Response:** This response answers FEU IRs 1.3.11.1 and 1.3.12.1. All of the energy utilities listed in Table 1.3 above with the exception of the Lonsdale system are regulated by the BCUC. The Lonsdale system is owned by the City of North Vancouver and is regulated under the B.C. *Municipal Act*.

All of the water utilities listed in Table 1.3 above are regulated by the provincial Water Comptroller, with the exception of the water service at Sun Rivers, which is located on a federal Indian Reserve.

Wastewater is not regulated as a public utility in BC.

The BCUC has not actively regulated stand-alone geo-exchange systems.

**Request:** 1.3.7 Whether all of the individuals working on the entity’s utility-related activities are employed by that entity, or whether some or all are employed by another legal entity. If the latter,

1.3.7.1 please name the entity that employs the individuals; and

1.3.7.2 if the individuals are employed by a non-arms length company, describe how Corix ensures that the labour rates charged to the utility operation are fair; and

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**1.3.7.3 provide any documented policies regarding the determination of cross-charges or shared services, or if none exists explain why documentation is not necessary for the protection of the utility customers;**

**Response:** All operations staff referred to in the above questions are employed by or contracted to CMUS with the exception of Dockside Green Energy, which also uses staff from Westshore Environmental Services, a Corix company located on Vancouver Island. Costs related to corporate services, with the exception of business development costs, are allocated to Corix Utilities Inc. using the Massachusetts formula.

**Request: 1.3.8 Whether another non-arms length entity provides services or equipment to the utility operations, and if so, please**

**1.3.8.1 describe the services provided and the name of the entity that provides the services;**

**1.3.8.2 describe how Corix ensures that the rates charged to the utility operation for the services are fair; and**

**1.3.8.3 provide any documented policies regarding the determination of cross-charges or shared services, or if none exists explain why documentation is not necessary for the protection of the utility customers.**

**1.3.9 Whether the entity provides services, labour, or equipment to another non-arms length entity, and if so, please**

**1.3.9.1 describe the services, labour or equipment provided and the name of the entity that receives the services;**

**1.3.9.2 describe how the entity ensures that the rates charged by it are fair to utility customers; and**

**1.3.9.3 provide any documented policies regarding the determination of cross-charges or shared services, or if none exists explain why documentation is not necessary for the protection of the entity’s utility customers.**

**Response:** All Corix employees employed in work related to the B.C. operations listed in Table 1.3 are required to fill out job specific time sheets to record hours spent on each operation. A sample time sheet is provided in Attachment 1.1.3-A. Please

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refer to the Corix response to FEU 1.3.1.4.6 for a detailed discussion of how this process ensures that charges are appropriately allocated between these small utility operations.

**Request: 1.3.11 For each of the water or energy utilities in BC identified as unregulated in 1.3.10, please**

**1.3.11.2 provide any exemption orders obtained.**

**1.3.12 For each of the water or energy utilities in BC identified as regulated, please**

**1.3.12.2 provide copies of all CPCNs obtained for utilities in BC being owned and/or operated by the entity under the Utilities Commission Act or the Water Utility Act or explain why one wasn’t sought;**

**Response:** This response answers FEU IRs 1.3.11.2 and 1.3.12.2. No exemptions were sought or obtained. The CPCNs are provided as Attachment 1.1.3-B.

**Request: 1.3.12 For each of the water or energy utilities in BC identified as regulated, please**

**1.3.12.3 provide the approved capital structure and ROE;**

**1.3.12.4 explain whether the debt costs reflected in rates represent the entity’s actual embedded cost of debt, or provide the basis for debt costs charged to customers.**

**Response:** This response answers FEU IRs 1.3.12.3 and 1.3.12.4. Dockside Green Energy has an approved ROE of 100 basis points above the bench mark low risk utility ROE and an equity thickness of 40%. UniverCity received a 50 basis point premium and has an equity thickness of 40%. No other Corix energy utilities in B.C. have approved capital structures. All water utilities in the province operate on a return on margin basis.

Debt costs for Dockside Green are as provided under agreement with VanCity and as approved by the Commission. UniverCity debt costs are discussed in Corix’s response to FEU IR 1.7.7.

**1.4 Request: Please identify all of the Corix entities (including Corix Infrastructure Inc., Corix Utilities Inc. (“Corix”), Corix Multi-Utility Services Inc., and any**

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**affiliates or subsidiary entities) that engage in the activities described in the second bullet under the above quote from page 1 of Exhibit C12-6.**

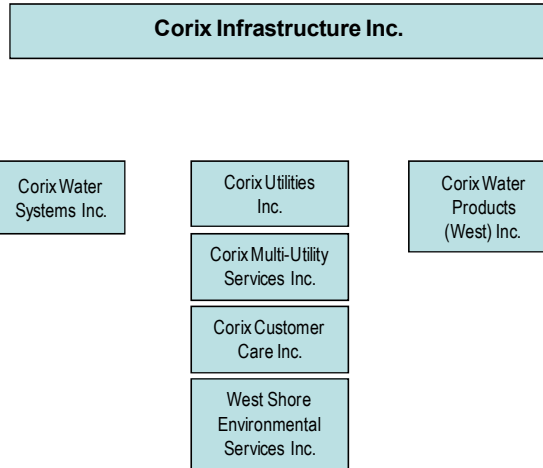
**Response:** Corix Utilities (Trillium Meters) installs smart meters under contract to BC Hydro. Corix Water Systems builds water and wastewater systems.

**1.5 Request:** Please identify all of the Corix entities (including Corix Infrastructure Inc., Corix Utilities Inc. (“Corix”), Corix Multi-Utility Services Inc., and any affiliates or subsidiary entities) that engage in the activities described in the third bullet under the above quote from page 1 of Exhibit C12-6.

**Response:** Corix Water Products (West) distributes water products in B.C.

**1.6 Request:** Please provide an organizational chart showing the relationships between the companies and the utilities described in response to the previous questions 1.3, 1.4 and 1.5.

**Response** The chart below shows the relationships of the Corix B.C. companies.



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**2.0 Reference:** Corix Projects; Attachment 1 - Corix Utilities webpage - “Our Projects”; District Energy, Regent Park, Toronto, Ontario; Multi-Utility Services, Alaska Army Bases, Alaska; Multi-Utility Services, Dockside Green, Victoria, British Columbia; Sewage Collection System, Langford, British Columbia; Multi-Utility Services, Panorama Resort, British Columbia; Multi-Utility Services, Sun Rivers, British Columbia

**2.1 Request:** For each of the above projects, what is the legal entity that owns and operates the project facilities?

**Response:** Corix Utilities Inc. is the legal entity that owns all of the Corix utilities in B.C. that are listed above. The other utility operations listed in this question are not relevant to this inquiry.

**2.2 Request:** Please confirm that the term “multi-utility services” is synonymous with the provision of “multiple utility services”. If not, why not?

**Response:** Confirmed.

**2.3 Request:** For each of the projects identified as “multi-utility services” projects, please list the services provided, including whether they are regulated or non-regulated (and if regulated by which regulatory body).

**Response:** Please see Corix’s response to FEU IR 1.1.3, Table 1.3.

**3.0 Reference:** Relationship Between Regulated and Non-Regulated Business; Exhibit C12-6, pages 1-2

**Preamble:** “Corix Utilities Inc. (“Corix”) is owned by Corix Infrastructure Inc. and operates energy, water and wastewater utilities in B.C. Alberta and Ontario.”

**3.1 Request:** For Corix Utilities Inc., and for any other related entity that provides utility services in British Columbia, please provide the following information (on a company by company basis):

**3.1.1** Which of the utilities owned and/or operated by the entity is regulated, and by whom?

**3.1.2** Does the entity undertake any non-regulated business(es)? If so, please describe the non-regulated business(es).

**3.1.3** If the entity provides only regulated services:



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**3.1.3.1 Does the entity employ any transfer pricing mechanism or code of conduct in respect of relationships between the entity and other non-arms length companies? If so, please provide copies. If not, why not?**

**3.1.3.2 How is the time and cost of the entity’s employees allocated as between the entity and other non-arms length companies?**

**3.1.3.3 How does Corix ensure that time is charged appropriately as between the entity and other non-arms length businesses?**

**3.1.3.4 Please provide a copy of any written policy outlining how timesheets are to be filled out and time costs tracked for the purposes of allocating costs as between the entity and other non-arms length businesses.**

**3.1.4 If the entity provides both regulated and non-regulated services:**

**3.1.4.1 In Corix’s view, how does RMDM apply to those operations?**

**3.1.4.2 Does the entity employ any transfer pricing mechanism or code of conduct in respect of relationships between regulated and non-regulated businesses within the entity? If so, please provide copies. If not, why not?**

**3.1.4.3 How is the time and cost of the entity’s employees allocated as between the entity’s regulated and non-regulated businesses?**

**3.1.4.4 How does the entity ensure that time is charged appropriately as between the entity’s regulated and non-regulated businesses?**

**3.1.4.5 How is overhead allocated as between the entity’s regulated and unregulated businesses? Please provide a cost allocation study supporting the allocation.**

**3.1.4.6 Please provide a copy of any written policy outlining how timesheets are to be filled out and time costs tracked for the purposes of allocating costs as between the entity’s regulated and non-regulated businesses.**

**Response:** This response addresses FEU IR 1.3.1.1 through 1.3.1.4.6.

Please refer to Corix’s response to FEU IR 1.1.3.1 concerning details of the

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entities included in the Corix Utilities Inc. group of companies.

All employees in Corix Utilities Inc. working on utility projects book time to the specific utility, and track this time with time sheets. As is apparent from Corix’s response to FEU IR 1.1.3.1, many of the Corix Utilities Inc. utility operations in B.C. are relatively small. Allocating employee time to each utility as required allows resources to be used in the most cost effective manner. Cost allocations for regulated operations are subject to review and approval at the time of rate applications.

The RMDM guidelines were developed to prevent abuse of market power by large monopoly utilities in non-regulated markets, and to protect ratepayers of those large monopolies from cross-subsidizing the non-regulatory activities. The concept can be legitimately extended to include similar tactics by monopoly utilities in emerging markets such as the TES market that include regulated and unregulated participants, and are characterized by competition between all of participants.

Corix is engaged in small utility operations in B.C. with economies of scope that favour providing multiple utility services. The competitive nature of the business eliminates opportunities for any cross subsidization. With relatively few employees, the cost of service is very transparent in the regulated entities. In the non-regulated services, agreements between the service provider and the developers keep a tight rein on utility costs that might otherwise constrain property sales and the viability of the communities and the utilities. This situation contrasts with that of FEU where abundant resources, both in the form of employees and market presence, can be used to unfairly compete in non-monopoly markets.

- 4.0 Reference: Corix Utilities Inc. Regulated Businesses and Classes of Service; Exhibit C12-6, pages 1-2**
- Preamble: “Corix Utilities Inc. (“Corix”) is owned by Corix Infrastructure Inc. and operates energy, water and wastewater utilities in B.C. Alberta and Ontario.”**
- 4.1 Request: How many classes of service are there within Corix Utilities Inc.? Please explain the basis for having that many classes of service.**
- Response:** Please refer to Corix’s response to FEU IR 1.1.3. concerning Corix Utilities Inc.’s lines of business. By offering several utility services at one location, Corix is able to offer efficient utility service through economies of scope.

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**Request:** 4.1.1 **Is water a different service from the provision of energy? Why or why not?**

**Response:** Yes. The commodities are different. Corix assumes, however, that the question relates to whether there is any difference in the principled regulation of each commodity. In this regard please see Corix’s response to FEU IR 1.1.4.1.

**Request:** 4.1.2 **Is the provision of telecommunications service different from the provision of energy? Why or why not?**

4.1.3 **Is the provision of telecommunications service different from providing water service? Why or why not?**

**Response:** Corix is not engaged in the business of telecommunications.

**Request:** 4.1.4 **Is the provision of wastewater treatment a different service from the provision of energy? Why or why not?**

4.1.5 **Is the provision of wastewater treatment a different service from the provision of water? Why or why not?**

**Response:** Please see Corix’s response to FEU IR 1.4.1.1.

**Request:** 4.1.6 **Does packaging such services to one group of customers make it a different service? Why or why not?**

**Response:** The Corix approach to providing several utility services using common resources to achieve economies of scope is an efficient method for the provision of utility services in the communities that we serve. “Packaging” the services does not in and of itself change the nature of the service.

**4.2 Request:** **Has Corix Utilities Inc. separated telecommunications, water, wastewater, thermal energy, electricity, etc. services into distinct classes of service for ratemaking purposes? If not, why not?**

**Response:** Corix has a separate rate based on the cost of service for each utility service offered. The services are different, not different classes of service.

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**4.3 Request:** Does Corix Utilities Inc. employ any transfer pricing mechanism to address cost allocation as among telecommunications, water, wastewater, thermal energy, electricity, etc. services? If not, why not?

**Response:** Please refer to Corix's response to FEU IR 1.4.10.

**4.4 Request:** Does Corix Utilities Inc. employ a code of conduct to govern the use of information obtained in the context of providing one service (e.g. one of telecommunications, water, wastewater, thermal energy, or electricity) for the purposes of another of the listed services? If so, please provide copies. If not, why not?

**Response:** Please refer to Corix's response to FEU IR 1.4.10.

**4.5 Request:** How is the time and cost of the employees of Corix Utilities Inc. allocated as among the telecommunications, water, wastewater, thermal energy, electricity services? Please provide documentation to support the allocation.

**Response:** Please refer to Corix's response to FEU IR 1.4.10.

**4.6 Request:** How does Corix ensure that time is charged appropriately as among the telecommunications, water, wastewater, thermal energy, electricity services?

**Response:** Please refer to Corix's response to FEU IR 1.4.10.

**4.7 Request:** How is overhead allocated among the telecommunications, water, wastewater, thermal energy, electricity services? Please provide a cost allocation study supporting the allocation.

**Response:** Please refer to Corix's response to FEU IR 1.4.10.

**4.8 Request:** Please provide a copy of any written policy outlining how timesheets are to be filled out and time costs tracked for the purposes of allocating costs as among the telecommunications, water, wastewater, thermal energy, electricity services.

**Response:** Please refer to Corix's response to FEU IR 1.4.10.

**4.9 Request:** Explain how the company ensures that the customers of one service (e.g.

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**telecommunications, water, wastewater, thermal energy, or electricity service) are not cross-subsidizing the customers taking another of the services.**

**Response:** Please refer to Corix's response to FEU IR 1.4.10.

**4.10 Request: Explain how the company ensures that the customers of one service (e.g. telecommunications, water, wastewater, thermal energy, or electricity service) are not bearing risks associated with another of the services.**

**Response:** As discussed in Corix's response to FEU IR 1.3.1.4.6, Corix employees working on the various utility services code their time sheets to the appropriate project, and the rate charged for these employees does not vary between projects. Corporate overheads are allocated to Corix Utilities Inc. using a standard allocation method, the Massachusetts model.

The nature of the small utility business that characterizes Corix's operations does not lend itself to cross-subsidization as might occur with large monopoly utility operations. This is because the cost of service review for the regulated utility operations is very transparent and easily identified during rate reviews. Non-regulated utilities are subject to contractual agreements with developers that ensure that market forces keep rates competitive.

In addition, unlike the FEU, which make use of natural gas service “energy solutions” employees to promote its TES service, Corix does not allocate business development costs to its utility operations. The risk of Corix erring in terms allocating insufficient costs to its TES operations lies with the Corix shareholders. A sample of a time sheet is provided in Attachment 1.1.3-A.

When compared to the potential abuse of the monopoly power of a large province-wide gas utility, the potential for market abuse by the small municipal operations run by Corix is remote. However, Corix accepts that the principles are the same and is prepared to accept any conditions imposed by the Commission to ensure a full and fair functioning market.

**5.0 Reference: Separation of Regulated vs. Non-Regulated services and Different Classes of Service; Exhibit C12-6, page 11**

**5.1 Request: Please explain how and where cost allocations to the various projects and lines of business are accomplished within Corix Utilities' corporate structure and explain Corix Utilities' internal control processes to oversee the fairness of these allocations. How do the Corix Utilities ensure that the allocation methodologies used do not give the Corix Utilities any unfair**

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**advantage over competitors?**

**Response:** As discussed in Corix’s response to FEU IR 1.4.10, Corix uses a recognized allocation method to allocate corporate costs to its operations. Corix’s regulated operations are very small and the costs are easily discerned. The rates and underlying costs are reviewed by the BCUC. Further, any risk of cross subsidization is borne by the shareholder, and not ratepayers.

Thus, Corix cannot manipulate its cost allocation to obtain an unfair advantage, for example, by shifting TES costs to another group of ratepayers. Any advantage achieved in the TES rates that Corix offers must be achieved through efficient and effective operation and use of resources. Otherwise, Corix shareholders bear the cost.

**5.2 Request: How does Corix Utilities’ model and cost allocation ensure adequate separation, transparency and cost/revenue segregation and promote fair and reasonable rates to various classes of customers and types of service within the company?**

**Response:** Please see Corix’s response to FEU IR 1.5.1.

**5.3 Request: How do the Corix Utilities’ corporate structures allocate corporate costs to various entities including energy and water utilities?**

**Response:** Costs are allocated to Corix Utilities Inc. using the Massachusetts method of cost allocation.

**6.0 Reference: Business Structure and TES Initiatives; Exhibit C12-6, page 2**

**6.1 Request: Does the Corix Group of Companies (this term is used on the website) offer thermal energy services (i.e. geoexchange and DES) to the single family residential customer market? If so list the locations or projects where this occurs and describe the nature of the service provided.**

**Response:** Yes. Corix provides geo-exchange service to customers in Sun Rivers and The Rise. For each of these operations, Corix provides and maintains the geo-exchange loop field for a fixed monthly fee.

**7.0 Reference: Business Risk; Exhibit C12-6, pages 6-7**

**7.1 Request: What is Corix Utilities Inc.’s capital structure and ROE?**

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**7.1.1 How are the capital structure and ROE for Corix Utilities Inc. determined? Are they set by the regulator?**

**7.1.2 Are there differences among the returns required or obtained from regulated vs. non-regulated businesses within Corix Utilities Inc.? What rates of return are obtained on Corix’s regulated businesses and what rates of return are obtained on Corix’s non-regulated businesses?**

**7.1.3 Are the debt equity levels for all regulated projects set at 60% debt and 40% equity? What are the exceptions?**

**Response:** Corix treats the investment in each utility as a discreet project and applies for the cost of capital appropriate for that project. Corix does not cross subsidize more risky projects with lower risk projects.

Please refer to Corix’s response to FEU IR 1.3.12.4 concerning the ROE and capital structure for Corix’s regulated energy utilities in B.C. All of the debt equity levels for regulated energy operations are 60% debt and 40% equity.

**7.2 Request: Does involvement in alternative thermal energy activity, such as geexchange and DES, increase the corporate risk of the Corix Utilities?**

**Response:** The relative level of risk may vary from project to project depending on size and technology used. This risk is allocated to each particular project.

**7.3 Request: To what extent do any added risks from thermal energy projects cause a required increase in the Corix Utilities’ equity thickness and ROE?**

**Response:** The risks associated with each project should be reflected in the allowed return on investment for that project. To the extent they are not, Corix shareholders bear the added risk and cost, not another group of ratepayers.

**7.4 Request: Would added risks expose the ratepayers of the company’s existing utility operations to some of that risk so that they incur higher energy rates?**

**Response:** No, not if the risks are being properly allocated to each utility. The problem arises when the risks are passed on to other utility operations through such mechanisms as a “postage stamp” rate which results in more risky operations being subsidized by rate payers in less risky operations. Corix has individual rates for each of its operations based on the costs and risks of each operation.

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- 7.5 Request:** How can such risks to ratepayers be reduced?
- Response:** Please see Corix’s response to FEU IRs 1.7.3 and 1.7.4.
- 7.6 Request:** Please confirm that Corix Multi-Utility Services is providing services to and sharing resources with Neighbourhood Utility Service (NUS) in the UniverCity Project. Please provide evidence of how Corix is assigning overhead costs to NUS, including any documented cost allocation study supporting the allocation.
- Response:** Corix is developing the district energy system that will provide energy service to customers living in new and future developments being constructed at UniverCity on Burnaby Mountain. The utility is regulated by the BCUC and costs for service, including allowed overhead costs, to the initial customers using a temporary natural gas boiler plant were approved in the CPCN granted to Corix in Order C-7-11. FEU may refer to that record of information.
- 7.7 Request:** What was the cost of debt used to determine the rates and how was it derived?
- Response:** The cost of debt approved by the Commission was 6%, reflecting a credit spread of 250 basis points above the 10 year Government of Canada bond yield of 3.5%.
- 8.0 Reference:** Fair Competition; Exhibit C12-6, page 7
- 8.1 Request:** Does Corix conduct competitive processes for the designing and building of all of its TES projects to ensure that TES customers receive cost-effective service? If not, why not?
- Response:** Corix responds to competitive tendering processes common in the TES market, and is further incentivized by the market to seek cost-effective services in designing and building its projects. Corix generally will tender out construction on TES projects, unless it would be more cost effective to undertake a portion of the work in-house.
- 8.2 Request:** Does Corix in any cases acquire pipe and equipment for its utility projects from its own affiliates in the utility products distribution line of business? If so, how does the customer (or the regulator) ensure that a fair price is being paid for the materials and equipment acquired from an affiliate?
- Response:** Products distributed by Corix affiliate companies may be used in utility operations where those products are available at a competitive price. The customers and the



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Commission may review all costs when the rates are reviewed.

**8.3 Request:** Do existing customers of Corix thermal energy services (e.g., UniverCity or Sun Rivers) have the option to choose other service providers/energy sources for their thermal energy now that the system has been installed by Corix?

**8.3.1** What are the economic and business conditions that might trigger these customers to switch energy providers?

**8.3.2** Are there economic barriers for these customers to switch to another service provider/energy source for thermal energy?

**Response:** A competitive market for TES exists at the selection phase where tendering processes are frequently used to select the preferred candidate to develop the energy system. It is at this stage that the competitive market, if allowed to operate, can provide the most efficient solutions for TES customers by providing choice and cost advantages. This is in contrast to the business model for natural monopoly services characterized by a single service provider and economies of scale.

Once the TES system is chosen, the ability to switch may be more difficult because of the commitment to physical plant. The regulated utility model may then be the most appropriate method so that the now-captive customer benefits from regulated oversight.

**9.0 Reference:** FEI’s Visibility; Exhibit C12-6, pages 1 and 10; Attachment 1 - Corix Utilities webpage – “Corix Companies”; “Multi-Utility Service”

**Preamble:** On page 10 of Exhibit C12-6, Corix states: “The TES business shares a common branding and corporate platform with the existing natural gas distribution business.”

**9.1 Request:** Please confirm that the name “Corix” is used for both regulated and non-regulated business across multiple jurisdictions.

**Response:** Confirmed.

**9.2 Request:** Given that the “Corix” name is used in “distributing utility products from 41 locations across North America” (page 1 of Exhibit C12-6), and that the “Corix” name is used in conjunction with utilities “operating in three Canadian provinces and three US states”, would you agree that the “Corix” name is more widely used in conjunction with non-regulated businesses? Please explain your answer.

**BCUC Inquiry into FEI Alternative Energy Solutions and Other New Initiatives  
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**Response:** Yes, the Corix name is likely more associated with non-regulated business.

**9.3 Request:** Please confirm that there is no reference to the legal name of Corix Utilities Inc. on the “Corix Group of Companies” Home Page at [www.corix.com](http://www.corix.com), the sub-page on “Corix Companies”, or the sub-sub-page on “Multi-Utility Service” (included in Attachment 1) that would distinguish for visitors to the site the company Corix Utilities Inc. from non-regulated entities within the Corix Group of Companies?

**Response:** Confirmed.

**9.4 Request:** Is Corix aware of any consumers interested in TES being confused by the fact that Corix also offers water, wastewater, conventional energy and other utility services, and non-utility services? Please provide details.

**Response:** No. Corix is recognized as a multi-utility service provider.

**9.5 Request:** Is it Corix Utilities Inc.’s position that the customers of its regulated utilities have acquired an ownership interest in the name “Corix” by virtue of taking utility service? Please explain your answer.

**Response:** No. The customers are buying utility service from Corix, not the name Corix.

**9.6 Request:** Should the BCUC impose limitations on the ability for the name “Corix” to be used in conjunction with services other than TES? Please explain your answer.

**Response:** It would be open for the BCUC to impose limitations on the use of a public utility name if there was evidence of ratepayer harm, or a reasonable apprehension of ratepayer harm. This is the approach discussed in the California Public Utilities Commission’s (CPUC) “Order Instituting Rulemaking to Establish Standards of Conduct Governing Relationships Between Energy Utilities and Their Affiliates” – please see Exhibit A2-17 at pp. 41-47.

In the case of Corix, there is no evidence of ratepayer harm or confusion. Please see Corix’s response to FEU IR 1.9.4.

**9.7 Request:** Does Corix believe that the Commission can preclude Corix from using the name “Corix” in conjunction with TES? Would doing so ensure that Corix Utilities Inc. is not able to trade on the Corix name in marketing TES?

**BCUC Inquiry into FEI Alternative Energy Solutions and Other New Initiatives  
Corix Utilities Inc.  
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**Response:** Please see Corix’s response to FEU IR 1.9.6.

**10.0 Reference: Fair Competition**

**10.1 Request: Describe how Corix identifies demand for TES and existing and potential projects.**

**Response:** Corix has a business development group focused on identifying opportunities. These individuals make contact with local community officials, business leaders and developers, including our existing customers, providing information on who Corix is and what we offer. These individuals also monitor the market for potential projects that are being contemplated to ensure Corix is included in any request for proposals that may be issued.

**10.2 Request: Is the information used to identify demand readily available to all market competitors?**

**Response:** Yes, to the extent that other market competitors are willing to invest the time and resources, this information is available.

**10.3 Request: Does Corix make customer data from its energy business available to its competitors? If not why not?**

**Response:** No. Customer data is protected by law and is to be kept confidential unless release and use of that data is agreed to by the customer.

**10.4 Request: Is it permissible and fair for Corix to target its existing TES customers for the purposes of selling wastewater, water or other regulated and non-regulated services? Please explain your answer.**

**Response:** Yes. As with any competitive business, repeat business from existing customers is one of the targets for the business development group.

**10.5 Request: Is it permissible and fair for Corix Utilities Inc. to target its existing customers of one regulated service for the purposes of selling other regulated or non-regulated services that the company offers? Please explain your answer.**

**Response:** Yes. Please see Corix’s responses to FEU IR 1.10.1 and 1.10.4.

**10.6 Request: Is it permissible and fair for other Corix companies to target Corix Utilities**

**BCUC Inquiry into FEI Alternative Energy Solutions and Other New Initiatives  
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**Inc.’s existing utility customers for the purposes of selling other regulated or non-regulated services? Please explain your answer.**

**Response:** Please refer to Corix’s response to FEU IR 1.10.5.

**10.7 Request: Does Corix make customer data from its wastewater and water divisions available to its competitors in the TES market on the same basis that the data is available to the Corix personnel involved in Corix’s energy business?**

**Response:** As discussed in Corix’s response to FEU IR 1.10.3, customer data is confidential and cannot be used without the permission of the customer. Notwithstanding this, Corix is unsure how water and wastewater data would benefit alternative TES energy market participants.

**11.0 Reference: FEI’s Visibility; Exhibit C12-6, page 10; Attachment 1 - Corix Utilities webpage – “About Corix Group of Companies”**

**Preamble: On page 10 of Exhibit C12-6, Corix states: “The TES business shares a common branding and corporate platform with the existing natural gas distribution business.”**

**Attachment 2 - “About Corix Group of Companies” Corix delivers safe, cost-effective and sustainable water, wastewater and energy utility infrastructure solutions to communities across North America. As an integrated provider of essential utility infrastructure, we can fulfill virtually any utility need, from supplying products to financing, designing, building and managing complete utility systems. This unique, integrated approach enables us to deliver our products and services with exceptional accountability, stability and risk-management to our clients, while allowing them to save time and money.**

**Commitment to community. Corix is a caring partner to the communities where we live and work, helping to build safe, long-term utility infrastructure solutions that improve service, cut costs, and increase efficiencies. We translate our values into action, employing local people and collaborating with organizations that share our people-first ideals.**

**Unparalleled expertise. With over 70 years of experience, and a team of more than 2,000 highly skilled people, Corix has the in-house expertise to address any utility challenge. Strong, long-term relationships with top suppliers extend our knowledge base, and ensure the quality of our work is never compromised.**

**BCUC Inquiry into FEI Alternative Energy Solutions and Other New Initiatives  
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Response to FortisBC Energy Utilities (“FEU”) Information Request No. 1**

- 11.1 Request:** Does Corix Utilities Inc. agree that, in the above quoted passage from [www.corix.com](http://www.corix.com), the “Corix Group of Companies” is selling its TES by leveraging its broader experience in other regulated and non-regulated services? If not, why not?
- Response:** Yes.
- 11.2 Request:** Does the above quoted passage represent fair competition in the context of the BC TES market? Please explain your answer.
- Response:** Yes. Corix competes in multiple competitive markets for utility services in British Columbia.
- 12.0 Reference:** Fair Competition; Exhibit C12-6, page 5
- 12.1 Request:** Does Corix forecast energy demands in the separate markets – the traditional as well as the thermal energy services for the long term? If not, why not?
- Response:** Corix does not do in-house forecasts of energy demand for these markets. Corix makes use of third party data and information related to these and other businesses in which the company is active.
- 12.2 Request:** Does Corix file a resource plan with the Commission? If not why not?
- Response:** No. Given the small size of Corix’s energy utility operations in BC, Corix is not subject to this requirement.
- 13.0 Reference:** Rate Structure/Cross Subsidization
- 13.1 Request:** Does Corix consider its commercial arrangements with customers to be confidential prior to being filed as rate schedules? Please explain your answer.
- Response:** Yes. These arrangements are commercial information in a competitive market.
- 14.0 Reference:** Exhibit A2-3, page 16
- Preamble:** “TerraSource - An alliance between Corix Utilities (formerly Terasen Utility Services) and Geotility, a BC ground- source heat pump company - Pays capital cost of ground-source heat pump loops, charges access fee -

**BCUC Inquiry into FEI Alternative Energy Solutions and Other New Initiatives  
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**Customer pays for, and owns, in-house parts of the system  
www.terraresource.ca”**

**14.1 Request: What is the nature of the alliance between Corix and Geotility with regard to TerraSource?**

**Response:** Corix has no ownership or other interest in TerraSource. The requested information is not relevant to this inquiry into FEI AES.

**14.2 Request: If Corix has an ownership position or other interest in TerraSource please identify:**

**14.2.1 The Corix entity that has the interest; \**

**14.2.2 The name and location of the geo-exchange or other utility projects that Corix has an interest in through its relationship with TerraSource;**

**14.2.3 Whether TerraSource sought and obtained a CPCN for any of these projects? Why or why not?**

**14.2.4 Whether Corix and TerraSource have any protocols or policies in place regarding the transfer of customer information between TerraSource and Corix? If so please provide the documentation. If not, why not?**

**Response:** Please see Corix's response to FEU IR 1.14.1.

**15.0 Reference: Corix Projects - Sun Rivers**

**15.1 Request: Please provide a complete description of the various services provided by the Corix Utilities to its customers at Sun Rivers, including natural gas, electricity, thermal energy (e.g. geo-exchange), water, wastewater, telecommunications and other.**

**Response:** Corix provides electricity, natural gas, water, wastewater, geo-exchange, storm water management services and certain public works services to the community of Sun Rivers. Services provided are part of an agreement between Corix and Kamloops Indian Band.

**15.2 Request: Please describe the metering and billing arrangements for each type of service.**

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**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.3 Request:** Describe the rate structure that applies to each of the above services.

**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.4 Request:** Has Corix received approval from the BCUC to provide electric and natural gas service to Sun Rivers? If so, please provide a copy of the Order.

**Response:** Yes. Please refer to the CPCN provided in Attachment 1.1.3-B.

**15.5 Request:** Has Corix received approval from the BCUC for any of the energy or utility services to Sun Rivers other than natural gas service or electricity service?

**15.5.1** If so, please provide a copy of the Order.

**15.5.2** If not, why not?

**15.5.3** Did Corix apply for an exemption from the UCA for these services?

**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.6 Request:** Has Corix obtained a CPCN under the *Water Utility Act* for Sun Rivers?

**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.7 Request:** Were the customers made aware that any of the services they were receiving from Corix are utility services subject to regulation?

**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.8 Request:** Were the customers made aware that components of the service they purchased from Corix are not regulated?

**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.9 Request:** If such information has been conveyed to Corix customers at Sun Rivers please list the energy and utility services that have been identified as regulated and which ones have been identified as non-regulated.

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**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.10 Request: Do all Corix customers at Sun Rivers take all of the services offered by Corix at Sun Rivers?**

**Response:** The requested information is not relevant to this inquiry into FEI AES.

**15.11 Request: Has Corix ever used customer information to sell Sun Rivers customers on the other services offered by Corix at Sun Rivers? Please explain your response.**

**Response:** No. As discussed in Corix’s response to FEU IR 1.15.1, Corix has an agreement with the Kamloops Indian Band to provide utility services to the Community of Sun Rivers.

**16.0 Reference: Corix Projects- UniverCity**

**16.1 Request: Please confirm that the energy source for the initial phase of UniverCity is a natural gas boiler downstream of the natural gas meter.**

**Response:** Confirmed. The natural gas meter is owned by FortisBC.

**16.2 Request: Why did Corix apply for a CPCN for a natural gas boiler downstream of the natural gas meter?**

**Response:** Corix applied for a CPCN to develop a district energy system to provide service to new residents of UniverCity on Burnaby Mountain. As part of the development of this service, a temporary gas boiler facility was approved for service to the initial customers until such time as sufficient load develops to warrant the construction of a permanent biomass facility.

**17.0 Reference: Evidence of Dr. Jaccard; Reference: Exhibit C12-5**

**17.1 Request: Excluding any experience and knowledge gained during your tenure as Chair of the British Columbia Utilities Commission, please describe your experience and expertise in respect of rules of conduct between different classes of service within a utility, and specifically your experience relating to transfer pricing policies and codes of conduct. Please include with your description a list of your publications in this area and provide copies, a description of any teaching experience you have in these areas, a description of the extent to which you have been involved in the**



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**development of other such policies or codes prior to your retainer with Corix, a list of the other public utilities or regulatory bodies you have acted for in this capacity, copies of any other publicly available policies or codes that you have previously developed, and a list of any journals or other periodicals you review to stay up to date on developments in this area.**

**Response:** I am not a researcher or utility witness in the field of “utility transfer pricing policies and codes of conduct” so I do not publish or appear before utility commissions on this issue.

I am appearing as an expert witness on behalf of Corix because, in reading the terms of reference for this proceeding, it quickly became obvious to me that I might be able to provide some assistance to the Commission. The issue at hand is similar to the affiliate transactions issue I dealt with as Chair of the Commission. Happily, the RMDM Guidelines the Commission issued at that time have withstood the test of time.

Moreover, I note that I do have significant research, publication and policy-making experience in two areas that are highly relevant to this proceeding: the market failures of natural monopolies, and addressing environmental externalities. Almost all of my publications cover one or both of these areas.

**17.2 Request: Please identify the publications listed in your CV that address as the primary subject matter the regulation of public utilities and provide copies of these publications.**

**Response:** Below is a list of some of my refereed publications related to the regulation of public utilities. None of them address “the regulation of public utilities” as “their primary subject matter,” but almost all are relevant to the general comments I have made about the approach that utility regulators might take as they regulate different types of energy systems. Given the substantial number of publications and their length, copies are not provided with this response. Individual copies of specific articles will be provided upon request.

- Jaccard, M. (convening lead author) et al., “Energy Policies: Objectives and Instruments,” In Johansson, T., Patwardhan, A., Nakicenovic, N. and L. Gomez-Echeverri (eds.) *The Global Energy Assessment: Towards a Sustainable Future*, Cambridge: Cambridge University Press, 2011 (in press)
- Jaccard, M., Melton, N. and J. Nyboer, “Institutions and processes for scaling up renewables: Run-of-river hydropower in British Columbia,” *Energy Policy*, V.39(7), 2011, 4042-4050.

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- Rivers, N. and M. Jaccard, “Retrospective evaluation of electric utility demand-side management programs in Canada,” *The Energy Journal*, V.32(4-5), 2011, 93-116.
- Jaccard, M., “Modeling energy use and technological change for policy makers: Campbell Watkins’ contribution as a researcher-practitioner.” *Special Issue in Memory of Campbell Watkins, The Energy Journal*, 2008, pp.31-41.
- Jaccard, M. “Renewable Portfolio Standard,” In C. Cleveland (ed.) *Encyclopedia of Energy*, New York: Elsevier, V.5, 2004, 413-421.
- Jaccard, M., “Energy Planning and Management: Methodologies and Tools,” in *Encyclopedia of Life Support Systems*, Oxford, UK: UNESCO, EOLSS Publishers, 2002.
- Jaccard, M. and Y. Mao, “Making Markets Work Better,” in Johansson and Goldemberg (eds.) *Energy for Sustainable Development: A Policy Agenda*, New York: United Nations Development Program, 2002, 41-77.
- Jaccard, M., *California Shorts a Circuit: Should Canadians Trust the Wiring Diagram?* Toronto: C.D. Howe Institute, 2002, 28 pages.
- Jaccard, M., “Caught in the Headlights of Electricity Market Reform,” *Energy Studies Review*, V 10, N 1, 2001, 57-61.
- Berry T. and M. Jaccard, “The Renewable Portfolio Standard,” in Jackson (ed.) *Mitigating Climate Change: Flexibility Mechanisms*, London: Elsevier Science, 2001, 216 pages.
- Jaccard, M., Chen, H. and J. Li, “Renewable Portfolio Standard: A Tool for Environmental Policy in the Chinese Electricity Sector,” *Energy for Sustainable Development, Special Issue on China*, V.5, N.4, 2001, 113-121.
- Jaccard, M. “The California Electricity Reform Debacle,” *Revue de l’Energie*, No528, 2001, 380-389.
- Jaccard, M. “Deconstructing Hydro: The BC Electricity Sector in this Decade,” *B.C. Studies*, No129, Spring 2001, 51-78.
- Berry, T. and M. Jaccard, “The Renewable Portfolio Standard: Design

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Considerations and an Implementation Survey," Energy Policy V29, 2001, 263-277.

- Jaccard, M., "The Movement Toward Greater Competition in Energy Markets," in Jaccard and Mao (eds.) Mechanisms of Resource Allocation for Sustainable Development of the Energy Sector, China Council for International Cooperation on Environment and Development / Unirule Institute for Economics, Beijing, 1998, 51-54.
- Jaccard, M., "Social Costing and Energy Planning," in Jaccard and Mao (eds.) Mechanisms of Resource Allocation for Sustainable Development of the Energy Sector, China Council for International Cooperation on Environment and Development / Unirule Institute for Economics, Beijing, 1998, 46-50.
- Jaccard, M., Failing, L. and T. Berry, "From Equipment to Infrastructure: Community Energy Management and Greenhouse Gas Emission Reduction" Energy Policy, V.25, N.13, 1997, pp.1065-1074.
- Jaccard, M. "La Evolucion de los Principios de la Intervencion Gubernamental en los Mercados de Electricidad", in Jardon, J., (ed.) Los Procesos de Regulacion en Energia y Medio Ambiente: Experiencias Nacionales e Internacionales, Editorial Porrua, Mexico, 1997.
- Jaccard, M., "Reforming the Electricity Industry: A British Columbia Perspective", Policy Options, V.17, N.3:21-25, 1996, pp.21-25.
- Jaccard, M., "Finding the Right Climate for Competitive Electricity and Natural Gas Markets," Ecodecision, V.19, 1996, pp.48-51.
- Jaccard, M., "Oscillating Currents: The Changing Rationale for Government Intervention in the Electricity Industry," Energy Policy, V.23, N.7, 1995, pp.579-592.
- Jaccard, M., "Changing Canadian Electricity Markets and the Future Role of Government," Energy Studies Review, V.6, N.2, 1994, pp.103-126.
- Jaccard, M., "Do Canadian Electricity Prices Reflect Costs?" (a communication) Canadian Public Administration, V.37, N.1, 1994, pp.1-4.
- Jaccard, M., "Les Compagnies Electriques aux Etats-Unis et au Canada: Tendances Observees dans la Gestion et le Controle Reglementaire", in Les Variantes Institutionnelles pour les Societes d'Energie: le Cas du

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Response to FortisBC Energy Utilities ("FEU") Information Request No. 1**

Secteur Electrique, Institut De l'Energie des Pays ayant en Commun  
l'Usage du Francais (IEPF), Quebec, 1994, pp. 47-60.

- Jaccard,M., "Regulation of Energy Utilities in Canada: Where Do We Go From Here?" Energy Studies Review, V.4, N.3, 1992, pp.297-304.
- Jaccard,M., J.Nyboer, and T.Makinen, "Managing Instead of Building: B.C. Hydro's Role in the 1990s," B.C. Studies, Winter/Spring 1991/1992.
- Jaccard,M. and D.Sims, "Employment Effects of Electricity Conservation: The Case of British Columbia," Energy Studies Review, V.3, N.1, 1991, pp.35-44.

Jaccard,M., "Les Compagnies Electriques: Nouvelles Contraintes et Nouvelles Strategies," Energie Internationale, October, 1988, Vol 2, pp.155-168.

**ATTACHMENT 1.1.3 – A**

**SAMPLE TIME SHEET**

Job Sheet Entry										
Employee No.	Line No.	First Name	Last Name	Work Date	Work Date Text	Job No.	Job Task No.	Job Company Name	Job Customer No.	Job Description
	51			2/14/11	Monday, Feb 14, 2011					

**ATTACHMENT 1.1.3 – B**

**CPCNs**



IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Sun Rivers Development Corporation  
for Approval of a Certificate of Public Convenience and Necessity  
for an Electric Utility Franchise

**BEFORE:** P. Ostergaard, Chair )  
L.R. Barr, Deputy Chair )  
K.L. Hall, Commissioner ) March 23, 1999  
F.C. Leighton, Commissioner )

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**WHEREAS:**

- A. On March 10, 1999, Sun Rivers Development Corp. applied to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") for Sun Rivers Services Corp. to construct and operate an electric distribution utility on the Kamloops Indian Band Land, Lot 152, CLSR Plan 78619 Kamloops I.R. No. 1; and
- B. Sun Rivers Development Corp. has provided the Commission with the Master Development and Servicing Agreement (including schedules and attachments), has provided additional rationale and explanations for the advantages of having Sun Rivers Services Corp. construct and operate the electrical distribution utility, and has provided a legal description for the area to be serviced by Sun Rivers Services Corp; and
- C. Sun Rivers Development Corp. has entered into a contract with the Kamloops Indian Band (owners of the land) to supply utility services; and
- D. Sun Rivers Services Corp. will be installing heat pumps for the benefit of its customers; and
- E. Sun Rivers Services Corp. has agreed that it will serve its customers under the same terms and conditions and at the same approved rate schedules as would apply to similar British Columbia Hydro and Power Authority ("B.C. Hydro") customers; and
- F. B.C. Hydro has agreed to supply Sun Rivers Services Corp. under Rate Schedule 1211 – General Service (35 kW and over) if Sun Rivers Services Corp. receives a CPCN; and



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-5-99**

2

- G. The Commission has reviewed the application and the supporting documentation received to date and it appears that the construction and operation of an Electrical Distribution Utility by Sun Rivers Services Corp. is necessary and properly conserves the public interest, subject to Sun Rivers Services Corp. providing certain further information in a form satisfactory to the Commission.

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-5-99**

3

**NOW THEREFORE** the Commission orders, pursuant to Section 45 of the Utilities Commission Act, as follows:

1. That a CPCN is granted to Sun Rivers Services Corp. for the construction and operation of an Electrical Distribution Utility on Lot 152, CLSR Plan 78619 Kamloops I.R. No. 1, a description of which is attached to this Order as Appendix A, provided Sun Rivers Services Corp. files the following information with the Commission on or before April 9, 1999:
  - Certificate of Incorporation for Sun Rivers Services Corp.
  - Legal Address of Sun Rivers Services Corp.
  - List of Officers of Sun Rivers Services Corp.
  - Address of Sun Rivers Services Corp.'s legal counsel.
  - Evidence of the financial and technical capacity of Sun Rivers Services Corp. and/or others involved.
  - A project description of the various phases anticipated by the development including the approximate size, timing and cost of the electrical infrastructure.
  - A list of approvals, permits or licences required under federal, provincial or municipal law.
2. Sun Rivers Services Corp. will construct, operate and maintain the electrical facilities to the standards of B.C. Hydro or other standards approved by the Commission.
3. Before Sun Rivers Services Corp. energizes the system, Sun Rivers Services Corp. shall furnish the Commission with the approval of the Provincial Electrical Inspector and a letter of assurance from a qualified Professional Engineer as to the standards of final construction.
4. The form of regulation for the Utility will be determined by subsequent Commission Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 26<sup>th</sup> day of March 1999.

BY ORDER

*Original signed by:*

Lorna R. Barr  
Deputy Chair

Attachment



TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Sun Rivers Services Corp.  
for Approval of a Certificate of Public Convenience and Necessity  
for a Gas Distribution Utility

**BEFORE:** P. Ostergaard, Chair )  
L.R. Barr, Deputy Chair )  
P.G. Bradley, Commissioner ) November 25, 1999  
B.L. Clemenhagen, Commissioner )  
K.L. Hall, Commissioner )  
F.C. Leighton, Commissioner )

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**WHEREAS:**

- A. On March 26, 1999, by Order No. C-5-99, the Commission granted Sun Rivers Services Corp. (“Sun Rivers”) a Certificate of Public Convenience and Necessity (“CPCN”) to construct and operate an electric distribution utility on Kamloops Indian Band Land, Lot 152, CLSR Plan 78619 Kamloops I.R. No. 1; and
- B. On September 30, 1999, Sun Rivers applied to the Commission for a CPCN to construct and operate a natural gas distribution utility on the same land; and
- C. Sun Rivers has provided the Commission with the Master Development and Servicing Agreement (including schedules and attachments) that Sun Rivers Development Corp., an affiliate of Sun Rivers, has entered into with the Kamloops Indian Band to supply utility services; and
- D. Sun Rivers has provided additional rationale and explanations for the advantages of having Sun Rivers construct and operate the gas distribution utility; and
- E. Sun Rivers has agreed that it will serve its customers under similar terms and conditions and at rates that are not greater than the approved rates that would apply to similar BC Gas Utility Ltd. (“BC Gas”) customers; and
- F. BC Gas has indicated to Sun Rivers that it will supply gas to Sun Rivers under a Rate Schedule or Tariff Supplement; and
- G. The Commission has reviewed the application and the supporting documentation received to date and has determined that the construction and operation of a gas distribution utility by Sun Rivers is necessary and properly conserves the public interest.

**NOW THEREFORE** pursuant to Section 45 of the Utilities Commission Act, the Commission orders as follows:

1. A Certificate of Public Convenience and Necessity is granted to Sun Rivers for the construction and operation of a gas distribution utility on Lot 152, CLSR Plan 78619 Kamloops I.R. No. 1, a description of which is attached to this Order as Appendix A.
2. Sun Rivers will construct, operate and maintain the gas distribution facilities to the standards of BC Gas or other standards approved by the Commission.
3. Before Sun Rivers puts the gas distribution system into service, Sun Rivers will furnish the Commission with the approval of the Provincial Gas Inspector for the facilities.
4. Sun Rivers will file its gas supply agreement in a timely fashion.
5. Sun Rivers will file a report describing its emergency response plan by December 31, 1999.
6. Sun Rivers will file Annual Reports, which summarize separately the results of the utility's electric and gas operations, in a form to be developed in consultation with Commission staff.

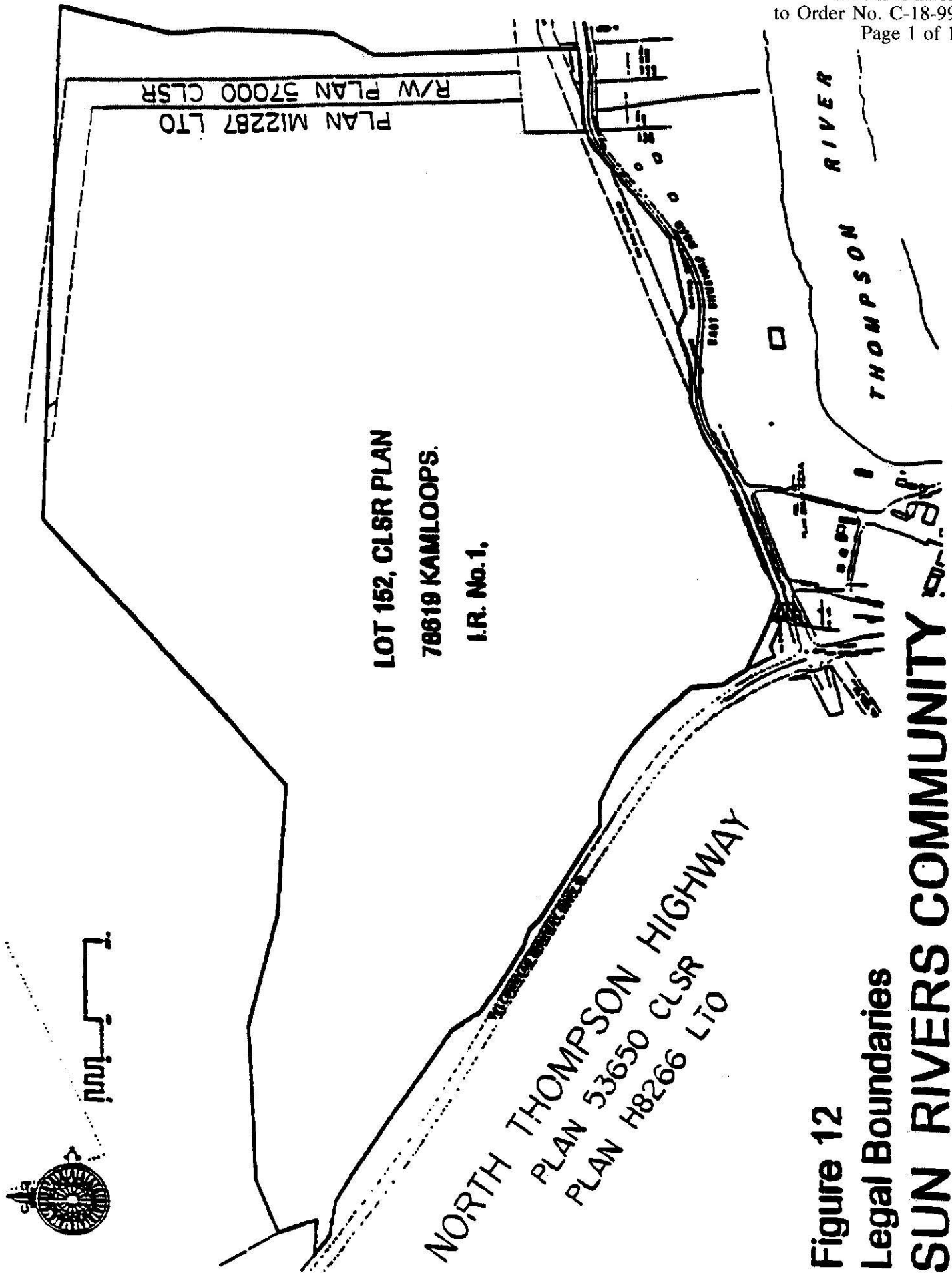
**DATED** at the City of Vancouver, in the Province of British Columbia, this 1<sup>st</sup> day of December 1999.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair

Attachment



**Figure 12**  
**Legal Boundaries**  
**SUN RIVERS COMMUNITY**



TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Terasen Multi-Utility Services Inc.  
for a Certificate of Public Convenience and Necessity  
and an Application for Permanent Rates

**BEFORE:** P. Ostergaard, Chair )  
R. H. Hobbs, Commissioner ) July 9, 2003  
K.L. Hall, Commissioner )

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**WHEREAS:**

- A. On June 20, 2003 Terasen Multi-Utility Services Inc. (“TMUS”) applied to the Commission for approval to acquire the propane gas distribution assets owned by Toby Creek Utilities Co. Ltd. (“Toby Creek”) and to be granted a Certificate of Public Convenience and Necessity to own and operate the propane gas distribution system at Panorama Mountain Village, British Columbia (“Panorama”); and
- B. On June 20, 2003 Toby Creek applied to dispose of its propane gas distribution assets at Panorama, and requested to be relieved of its responsibilities under its Certificate of Public Convenience and Necessity. The Commission approved the Toby Creek application by Order No. G-47-03; and
- C. Toby Creek and its shareholder, Intrawest Corporation, have signed an Asset Purchase and Infrastructure Agreement dated June 6, 2003 with TMUS that transfers the propane assets at net book value; and
- D. Notice of the proposed transfer was published in the local newspaper and sent directly to customers; and
- E. The TMUS submission also applied to have the Commission approve rates, pursuant to Sections 58, 60 and 61 of the Utilities Commission Act, for the TMUS Panorama Division that are identical to those existing for Toby Creek approved by Order No. G-39-02; and

- F. TMUS is a public utility, owned by Terasen Inc., operating a multi-utility service at Sun Rivers Community near Kamloops, British Columbia. TMUS has confirmed that it will keep separate the operations and records of its two divisions, Sun Rivers and Panorama; and
- G. The Commission has reviewed the applications and finds that approval is appropriate and in the public interest.

**NOW THEREFORE** the Commission orders as follows:

1. Pursuant to Section 45 of the Utilities Commission Act, a Certificate of Public Convenience and Necessity is granted to TMUS to acquire and operate the propane gas distribution system at Panorama from Toby Creek at the net book value of the assets, effective July 1, 2003.
2. Pursuant to Sections 58, 60 and 61 of the Utilities Commission Act, the Commission approves rates and Tariff Terms and Conditions for the TMUS Panorama Division that are identical to those existing for Toby Creek under Order No. G-39-02, effective July 1, 2003.
3. TMUS is to advise its customers at Panorama of the approvals given by this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 11<sup>th</sup> day of July 2003.

BY ORDER

*Original signed by:*

R.H. Hobbs  
Commissioner



PROVINCE OF BRITISH COLUMBIA

IN THE MATTER OF the *Water Utility Act* and  
the *Utilities Commission Act*, S.B.C. 1980, c. 60, as amended

and  
Terasen Multi-Utility Services Inc. for the Acquisition of the Property  
of  
Toby Creek Utilities Co. Ltd.

**Certificate of Public Convenience and Necessity**

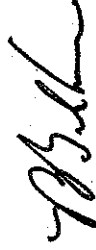
**WHEREAS:**

1. Toby Creek Utilities Co. Ltd. holds a Certificate of Public Convenience and Necessity to provide water service to a ski resort business and a number of family and condo units at Panorama, British Columbia.
2. Terasen Multi-Utility Services Inc. (hereinafter referred to as "TMUS") is wholly owned (100% of the shares) by Terasen Utility Services Inc., a wholly owned subsidiary of Terasen Inc.
3. TMUS has made application to the Comptroller of Water Rights for a Certificate of Public Convenience and Necessity to approve the acquisition of the assets, rights and licenses, including the trust funds of the water system owned and operated by Toby Creek Utilities Inc.
4. TMUS agrees to provide water service to the properties described on Appendix "A" to this document for which Certificates of Public Convenience and Necessity have been granted.
5. The works shown on the Projected Tap Charges and Planned Capital Investment spreadsheet (Appendix "B") are to be financed by TMUS and recovered through future Contributions in Aid of Construction.



3. Pursuant to Sections 45 and 46 of the Utilities Commission Act, TMUS is granted a Certificate of Public Convenience and Necessity for the acquisition of the assets, rights and licenses of the water system formerly owned by Toby Creek Utilities Co. Ltd.
4. The authorized service area shall be the properties listed on Appendix "A" to this document.
5. Orders No. 1569 and 1570, dated March 15, 1993, for the establishment of a Maintenance Reserve Trust Fund in the amount of \$45,100.00 and a Reservoir Maintenance Trust Fund in the amount of \$30,000.00 for this utility are now applicable to TMUS.

Dated at Victoria, in the Province of British Columbia, this 10<sup>th</sup>, day of September 2003.



Pieter J. Bekker  
Deputy Comptroller of Water Rights

File: 0321243

Certificate No. 1154

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-13-05**

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



TELEPHONE: (604) 660-4700  
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**IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**Applications by Terasen Multi-Utility Services Inc.  
for Approval of a Certificate of Public Convenience and Necessity  
to Construct and Operate Natural Gas and Electric Distribution Systems  
at Sonoma Pines Subdivision in Westbank, B.C.**

**BEFORE:** L.F. Kelsey, Commissioner May 25, 2005

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**WHEREAS:**

- A. By applications dated February 28, 2005 (the "Applications"), Terasen Multi-Utility Services Inc. ("TMUS") requested that the British Columbia Utilities Commission (the "Commission") approve a Certificate of Public Convenience and Necessity ("CPCN") to construct and operate natural gas and electric utility distribution systems in the Sonoma Pines Subdivision ("Sonoma Pines") in Westbank, B.C. that is being developed by the Vintage Hills Development Limited Partnership ("Vintage"), and approve rates and tariffs for utility service; and
- B. The Sonoma Pines service area is outlined on the map which is Appendix A to this Order; and
- C. Vintage has entered into a 99-year lease commencing May 5, 2003 for the Sonoma Pines lands, which is located on Westbank First Nations lands; and
- D. TMUS has entered into an Infrastructure Agreement with Vintage dated February 1, 2004, and a Maintenance Agreement with Vintage and the Sonoma Pines Homeowners Association also dated February 1, 2004, regarding the provision by TMUS of certain utility and maintenance services; and
- E. The term of the Infrastructure Agreement extends until the earlier of completion of the build-out of Sonoma Pines or December 31, 2018. The term of the Maintenance Agreement will be for the term of the lease of the Sonoma Pines lands; and
- F. The Applications propose natural gas rates that are consistent with those for the Terasen Gas Inc. ("Terasen Gas") Inland Division, and request approval to amend the gas tariff to maintain customer rates that are equivalent to those for Terasen Gas adjacent to the Sonoma Pines development; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-13-05**

2

- G. The Applications propose electric rates that are consistent with those of British Columbia Hydro and Power Authority ("BC Hydro") and request approval to amend the electric tariff to maintain customer rates at a level equivalent to those of BC Hydro adjacent to the Sonoma Pines development; and
- H. On April 8, May 7 and May 16, 2005, TMUS responded to Commission Information Requests; and
- I. TMUS informed interested parties about the Applications, and neither it nor the Commission has received any comments in response; and
- J. The Commission has reviewed the Applications and the supporting documentation and has determined that the construction and operation of the natural gas and electric utility distribution systems by TMUS is necessary and properly conserves the public interest.

**NOW THEREFORE** pursuant to Sections 45 and 61 of the Utilities Commission Act, the Commission orders as follows:

1. The Commission issues a CPCN for the construction and operation of natural gas and electric utility distribution systems at Sonoma Pines, with TMUS being responsible for obtaining all other necessary licences, permits and agency approvals.
2. TMUS will maintain separate accounts, and will file Annual Reports and financial statements which summarize the results for each of the natural gas and electric utility operations at Sonoma Pines within 60 days of TMUS' financial year-end, in a form to be developed in consultation with Commission staff.
3. The Commission approves natural gas rates for Sonoma Pines as set out in Section 4.1 of Tab 1 and Appendix B of the Applications, effective June 1, 2005.
4. The Commission grants TMUS approval to amend the natural gas Basic Charge, Delivery Charge and Gas Cost Recovery Charge for Sonoma Pines in order to maintain customer rates at levels equivalent to those of the Terasen Gas Inland Division, adjacent to Sonoma Pines, subject to the filing of the amended rates with the Commission within ten business days of the effective date of the changes to Terasen Gas rates, and subject to review by the Commission in the event of a complaint by an interested party within 60 days of the effective date of the amended rates.
5. The Commission approves the Natural Gas Tariff for Sonoma Pines as set out in Appendix B of the Applications, as amended by TMUS' April 8, 2005 filing.
6. The Commission approves electric rates for Sonoma Pines as set out in Section 4.1 of Tab 2 and Appendix E of the Applications effective June 1, 2005.

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-13-05**

3

7. The Commission grants TMUS approval to amend the electric monthly charges, delivery charges and commodity charges for Sonoma Pines in order to maintain customer rates at levels equivalent to those of BC Hydro, adjacent to Sonoma Pines, subject to the filing of the amended rates with the Commission within ten business days of the effective date of the changes to BC Hydro rates, and subject to review by the Commission in the event of a complaint by an interested party within 60 days of the effective date of the amended rates.
8. The Commission approves the Electric Tariff for Sonoma Pines as set out in Appendix E of the Applications, as amended by TMUS' April 8, 2005 filing.
9. TMUS will provide a copy of this Order and the 24-hour emergency contact numbers to each new customer, and will maintain a copy of its approved Terms and Conditions of Service and Rate Schedules available for inspection by customers.

**DATED** at the City of Vancouver, in the Province of British Columbia, this        30        day of May 2005.

**BY ORDER**

*Original signed by:*

L. F. Kelsey  
Commissioner



Province of British Columbia

0613

In the Matter of the *Water Utility Act* and the *Utilities Commission Act*

and

In the Matter of *Corix Multi-Utility Services Inc.*

**CERTIFICATE  
OF  
PUBLIC CONVENIENCE AND NECESSITY**

THIS IS TO CERTIFY THAT public convenience and necessity require the acquisition and operation by Corix Multi-Utility services Inc. (herein referred to as "the Utility") of a waterworks system at Lindell Beach, on Cultus Lake, British Columbia, to supply water to existing recreational houses consisting of a total of 149 lots.

AND IT IS HEREBY ORDERED THAT the Utility is authorized to acquire and operate a waterworks system to supply an area more particularly described as:

*See the attached list for the Lindell Beach Residents Association.*

THIS CERTIFICATE of public convenience and necessity is granted under the condition that the entire cost of the works being transfer to the Utility are contributed with no expectation of a return on investment.

Pieter J. Bekker  
Deputy Comptroller of Water Rights  
Water Utility Act

Lindel\_Beach

**Lindel Beach Residents Association property list**

**Plan Number - Lot number**

Apr. 30 2007

As provided by the Fraser Valley Regional District and LBRA

JURSID	ROLL NUMBER	STREET	HOUSE	LOT	PLAN	PID	
1	733	000000000003135000	10TH ST	43810	162	25094	008-711-119
2	733	000000000003001000	10TH ST	43870	25	8335	011-347-643
3	733	000000000003003000	10TH ST	43875	27	8335	000-445-011
4	733	000000000003007000	11TH ST	43875	31	8335	011-347-732
5	733	000000000003082000	1ST ST	43870	108	14186	009-909-796
6	733	000000000003081500	1ST ST	43875	D	14186	009-910-077
7	733	000000000003077000	2ND ST	43875	103	14186	005-558-671
8	733	000000000003038100	4TH ST	43805	62 E	8335	011-358-106
9	733	000000000003073000	4TH ST	43870	99	14186	009-909-729
10	733	000000000002979000	4TH ST	43875	3	8335	011-347-368
11	733	000000000002981000	5TH ST	43870	5	8335	006-801-196
12	733	000000000002983000	5TH ST	43875	7	8335	011-347-406
13	733	000000000003034000	6TH ST	43800	58	8335	011-358-009
14	733	000000000003032100	6TH ST	43805	56 E	8335	011-357-959
15	733	000000000003124000	6TH ST	43815	151	23230	009-246-754
16	733	000000000002985000	6TH ST	43870	9	8335	006-291-961
17	733	000000000002987000	6TH ST	43875	11	8335	002-391-155
18	733	000000000003133000	7TH ST	43810	160	23230	009-249-371
19	733	000000000003125000	7TH ST	43815	152	23230	009-247-017
20	733	000000000002989000	7TH ST	43870	13	8335	011-347-473
21	733	000000000002991000	7TH ST	43875	15	8335	010-866-779
22	733	000000000002993000	8TH ST	43870	17	8335	011-347-520
23	733	000000000002995000	8TH ST	43875	19	8335	011-347-554
24	733	000000000002999000	9TH ST	43875	A	86521	016-614-283
25	733	000000000003087000	CAROL RD	1788	114	14186	009-909-885
26	733	000000000003100000	CAROL RD	1789	127	19518	010-532-587
27	733	000000000003088000	CAROL RD	1798	115	14186	009-909-907
28	733	000000000003091000	CAROL RD	1808	118	14186	009-909-940
29	733	000000000003102000	CAROL RD	1809	129	19518	003-137-163
30	733	000000000003092000	CAROL RD	1818	119	14186	009-909-966
31	733	000000000003104000	CAROL RD	1819	131	19518	010-532-609
32	733	000000000003095000	CAROL RD	1828	122	14186	009-910-018
33	733	000000000003106000	CAROL RD	1829	133	19518	007-525-311
34	733	000000000003096000	CAROL RD	1838	123	14186	009-910-034
35	733	000000000003108000	CAROL RD	1839	135	19518	010-532-650
36	733	000000000003098200	CAROL RD	1848	C	20601	008-907-145
37	733	000000000003110000	CAROL RD	1849	137	19518	010-532-692
38	733	000000000003098100	CAROL RD	1858	B	20601	008-907-137
39	733	000000000003112000	CAROL RD	1859	139	19518	010-532-731
40	733	000000000003114000	CAROL RD	1867	141	19518	010-532-781
41	733	000000000003118000	CAROL RD	1869	145	19518	010-532-846
42	733	000000000003038000	CAROL RD	1878	62 W	8335	011-358-084
43	733	000000000003039000	CAROL RD	1879	63	14186	009-909-397
44	733	000000000003042000	CAROL RD	1887	66	14186	009-909-419
45	733	000000000003036000	CAROL RD	1888	60	8335	011-358-033

Lindel\_Beach

46 733	00000000003043000	CAROL RD	1899	67	14186	004-120-744
47 733	00000000003046000	CAROL RD	1907	70	14186	002-078-074
48 733	00000000003035000	CAROL RD	1908	59	8335	002-006-499
49 733	00000000003047000	CAROL RD	1909	71	14186	009-909-451
50 733	00000000003033000	CAROL RD	1918	58	8335	007-845-251
51 733	00000000003050000	CAROL RD	1919	74	14186	009-909-478
52 733	00000000003032000	CAROL RD	1928	56 W	8335	011-357-975
53 733	00000000003051000	CAROL RD	1929	75	14186	009-909-486
54 733	00000000003030000	CAROL RD	1938	54	8335	011-357-932
55 733	00000000003054000	CAROL RD	1939	78	14186	009-909-559
56 733	00000000003055000	CAROL RD	1949	79	14186	009-909-575
57 733	00000000003028000	CAROL RD	1958	52	8335	007-523-041
58 733	00000000003058000	CAROL RD	1959	82	14186	009-291-407
59 733	00000000003026000	CAROL RD	1968	50	8335	011-357-916
60 733	00000000003131000	CAROL RD	1969	158	23230	007-212-305
61 733	00000000003132000	CAROL RD	1979	159	23230	009-249-036
62 733	00000000003024000	CAROL RD	1988	48	8335	002-344-653
63 733	00000000003063000	CAROL RD	1989	87	14186	001-982-079
64 733	00000000003066000	CAROL RD	1997	90	14186	000-782-149
65 733	00000000003022000	CAROL RD	1998	46	8335	011-347-848
66 733	00000000003067000	CAROL RD	1999	91	14186	009-909-648
67 733	00000000003020000	CAROL RD	2008	44	8335	005-166-284
68 733	00000000003069020	CAROL RD	2013	94	14186	009-909-681
69 733	00000000003018000	CAROL RD	2018	42	8335	000-582-379
70 733	00000000003070000	CAROL RD	2019	96	14186	009-909-711
71 733	00000000003070000	CAROL RD	2019	95	14186	009-909-702
72 733	00000000003016000	CAROL RD	2028	40	8335	011-347-805
73 733	00000000003014000	CAROL RD	2038	38	8335	011-347-775
74 733	00000000003071000	CAROL RD	2039	97	14186	003-542-319
75 733	00000000003129000	CAROL RD	2048	156	23230	009-248-838
76 733	00000000003085000	LINDELL AV	1775	112	14186	009-909-842
77 733	00000000003084000	LINDELL AV	1784	110	14186	009-909-826
78 733	00000000003086000	LINDELL AV	1785	113	14186	009-909-851
79 733	00000000003083000	LINDELL AV	1794	109	14186	009-909-818
80 733	00000000003089000	LINDELL AV	1795	116	14186	000-673-978
81 733	00000000003080000	LINDELL AV	1804	106	14186	000-886-572
82 733	00000000003090000	LINDELL AV	1805	117	14186	009-909-923
83 733	00000000003079000	LINDELL AV	1814	105	14186	009-909-770
84 733	00000000003093000	LINDELL AV	1815	120	14186	009-909-982
85 733	00000000003094000	LINDELL AV	1825	121	14186	009-909-991
86 733	00000000003076000	LINDELL AV	1834	102	14186	009-909-761
87 733	00000000003097000	LINDELL AV	1835	124	14186	003-381-064
88 733	00000000003075000	LINDELL AV	1844	101	14186	002-044-561
89 733	00000000003072000	LINDELL AV	1854	98	14186	012-239-917
90 733	00000000003098000	LINDELL AV	1855	A	20601	004-401-859
91 733	00000000002980000	LINDELL AV	1874	4	8335	011-347-376
92 733	00000000002982000	LINDELL AV	1884	6	8335	002-448-866
93 733	00000000003037000	LINDELL AV	1885	61	8335	011-358-050
94 733	00000000003121000	LINDELL AV	1895	148	23230	009-245-073
95 733	00000000002984000	LINDELL AV	1904	8	8335	011-347-414
96 733	00000000003122000	LINDELL AV	1905	149	23230	009-246-134
97 733	00000000002986000	LINDELL AV	1914	10	8335	011-347-465

Lindel\_Beach

98 733	00000000002988000	LINDELL AV 1924	12	8335	002-474-433
99 733	00000000003123000	LINDELL AV 1925	150	23230	009-246-495
100 733	00000000002990000	LINDELL AV 1934	14	8335	000-551-571
101 733	00000000003134000	LINDELL AV 1935	161	23230	009-249-729
102 733	00000000002992000	LINDELL AV 1954	16	8335	011-347-503
103 733	00000000003126000	LINDELL AV 1955	153	23230	002-102-153
104 733	00000000002994000	LINDELL AV 1964	18	8335	011-347-538
105 733	00000000003025000	LINDELL AV 1965	49	8335	002-372-177
106 733	00000000002996000	LINDELL AV 1984	20	8335	010-821-201
107 733	00000000003023000	LINDELL AV 1985	47	8335	011-357-894
108 733	00000000002998000	LINDELL AV 1994	22	8335	011-347-627
109 733	00000000003021000	LINDELL AV 1995	45	8335	011-347-813
110 733	00000000003000000	LINDELL AV 2004	24	8335	000-817-490
111 733	00000000003127500	LINDELL AV 2007	A	23230	012-553-841
112 733	00000000003002000	LINDELL AV 2014	No lot #	LMP1467	017-467-276
113 733	00000000003136000	LINDELL AV 2015	163	25094	008-711-127
114 733	00000000003004000	LINDELL AV 2024	28	8335	011-347-686
115 733	00000000003015000	LINDELL AV 2025	39	8335	011-347-791
116 733	00000000003006000	LINDELL AV 2034	30	8335	011-347-716
117 733	00000000003013000	LINDELL AV 2035	37	8335	011-347-767
118 733	00000000003008000	LINDELL AV 2044	32	8335	011-347-759
119 733	00000000003130000	LINDELL AV 2045	157	23230	009-248-897
120 733	00000000003009000	LINDELL AV 2051	33	8335	004-062-345
121 733	00000000003010000	LINDELL AV 2054	34	8335	000-653-829
122 733	00000000003011000	LINDELL AV 2055	35	8335	001-771-311
123 733	00000000002997000	PROMENAD 1991	21	8335	011-347-601
124 733	00000000003005000	PROMENAD 2031	29	8335	011-347-708
125 733	00000000003101000	VERA RD 1786	128	19518	004-581-415
126 733	00000000003103000	VERA RD 1806	130	19518	010-532-595
127 733	00000000003105000	VERA RD 1816	132	19518	010-532-617
128 733	00000000003107000	VERA RD 1826	134	19518	010-532-625
129 733	00000000003109000	VERA RD 1836	136	19518	010-532-668
130 733	00000000003111000	VERA RD 1846	138	19518	010-532-706
131 733	00000000003113000	VERA RD 1852	140	19518	010-532-765
132 733	00000000003115000	VERA RD 1856	142	19518	000-765-074
133 733	00000000003116000	VERA RD 1860	143	19518	010-532-811
134 733	00000000003117000	VERA RD 1866	144	19518	010-532-820
135 733	00000000003040000	VERA RD 1876	64	14186	001-468-481
136 733	00000000003041000	VERA RD 1886	65	14186	003-096-165
137 733	00000000003044000	VERA RD 1896	68	14186	009-909-435
138 733	00000000003119000	VERA RD 1906	146	23230	009-244-662
139 733	00000000003120000	VERA RD 1916	147	23230	001-967-029
140 733	00000000003052000	VERA RD 1926	76	14186	009-909-516
141 733	00000000003053000	VERA RD 1936	77	14186	009-909-532
142 733	00000000003056000	VERA RD 1946	80	14186	009-909-591
143 733	00000000003059100	VERA RD 1956	182	63362	003-302-148
144 733	00000000003059000	VERA RD 1976	181	63362	002-375-923
145 733	00000000003064000	VERA RD 1986	88	14186	009-909-613
146 733	00000000003065000	VERA RD 1990	89	14186	009-909-630
147 733	00000000003068000	VERA RD 1996	92	14186	001-771-477
148 733	00000000003069010	VERA RD 2003	93	14186	009-909-664
149 733	00000000003074000	WHITLAM L 1842	100	14186	009-909-745





Province of British Columbia

0841

In the Matter of the *Water Utility Act* and the *Utilities Commission Act*

and

In the Matter of *Corix Multi-Utility Services Inc.*

**CERTIFICATE  
OF  
PUBLIC CONVENIENCE AND NECESSITY**

THIS IS TO CERTIFY THAT public convenience and necessity require the construction and operation by Corix Multi-Utility services Inc. (herein referred to as "the Utility") of a waterworks system at Lindell Beach, on Cultus Lake, British Columbia, to provide water supply water to a bare land strata holiday park consisting of a total of 218 cabin lots.

AND IT IS HEREBY ORDERED THAT the Utility is authorized to operate a waterworks system to supply an area more particularly described as:

Strata lots 1 – 218 of proposed subdivision of Lot A, Section 15, Twp. 22, BCP 13942, NWD, as shown on strata plan 3537- Form P, prepared by Butler Sundvick & Associates, dated January 9, 2008, and received January 23, 2008.

AND IT IS FURTHER ORDERED THAT:

- (1) The Utility shall submit to the Comptroller of Water Rights, *Water Utility Act*, one copy of the registered plan of the above mentioned subdivision within 30 days of the registration at the Land Title Office, together with one copy of the necessary Statutory Rights of Way;
- (2) The Utility shall submit one copy of the Rent Charge Agreement to be registered on title;
- (3) The entire cost of installing the necessary works is contributed to the Utility with no expectation of a return on investment.

Pieter J. Bekker



ERICA M. HAMILTON  
COMMISSION SECRETARY  
Commission.Secretary@bcuc.com  
web site: <http://www.bcuc.com>

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BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

Log No. 23381

**VIA E-MAIL**  
[dietz.kellman@corix.com](mailto:dietz.kellman@corix.com)

April 18, 2008

Mr. Dietz Kellmann  
Vice-President, Corporate Development  
Corix Group  
Suite 1160  
1188 West Georgia Street  
Vancouver, BC V6E 4A2

Dear Mr. Kellmann:

Re: Dockside Green Energy LLP  
Certificate of Public Convenience and Necessity Application  
for the District Energy System

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Further to your December 21, 2007 application for a Certificate of Public Convenience and Necessity for the District Energy System, enclosed is Commission Order No. C-1-08 and Reasons for Decision.

Yours truly,

  
Erica M. Hamilton

cms  
Enclosure

cc: Mr. David Bursey  
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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-1-08**

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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

Application by Dockside Green Energy LLP  
for Approval of a Certificate of Public Convenience and Necessity  
to construct and operate a District Energy System for the Dockside Green Project in Victoria, B.C.

and

Approval of the proposed Revenue Requirement, Rate Design and Levelized Rates

**BEFORE:** L.F. Kelsey, Panel Chair  
and Commissioner  
P.E Vivian, Commissioner April 17, 2008  
A.A. Rhodes, Commissioner

**O R D E R**

**WHEREAS:**

- A. By letter dated December 21, 2007, Dockside Green Energy LLP ("DGE") applied to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") to construct and operate a district energy system ("DES") to provide energy service to the Dockside Green development ("Dockside Green") currently being built on the Inner Harbour in Victoria, B.C. and for approval of Service Agreements, Terms and Conditions of Service and levelized rates (the "Application"); and
- B. Dockside Green is being constructed on fifteen acres of former industrial land adjacent to the Upper Harbour and downtown Victoria, between the Johnson and Bay Street bridges. The total planned development is approximately 1.4 million square feet of mixed residential, office, retail and industrial space; and
- C. Dockside Green is being developed by Dockside Green Limited Partners ("DGLP" or the "developer"), which is jointly owned by Vancity Capital Corporation (Vancity) and Windmill West Properties LLP ("Windmill"); and
- D. DGE, the proposed utility, was established to serve the Dockside Green community in Victoria harbor and provide space heating and domestic water service through a DES; and
- E. DGE is jointly owned by Vancity, Windmill, Corix Utilities Inc. ("Corix") and Terasen Energy Services Inc. ("TES") and has selected Corix and TES to develop the DES; and
- F. The DES comprises a central heating plant containing a wood-waste gasification system and back-up natural gas boilers, a distribution system comprised of insulated pipe to deliver energy in the form of heated water to customers, heat exchangers which transfer heat from the distribution system to customer

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buildings, and energy meters that measure the energy transferred to customers. DGE will install revenue-grade meters at the building and use these readings to issue bulk energy bills to each strata customer within the development. Each strata will then allocate the total energy costs to residents based on a pro-rata allocation of common and in-suite energy usage; and

- G. DGE will be seeking to reduce the cost of serving the Dockside Green customers by serving off-site properties in close proximity to the Dockside Green development to earn incremental revenues; and
- H. Dockside Green has secured federal funding to offset some of the capital costs of the DES through the Technology Early Action Measures (“TEAM”) federal funding program; and
- I. During the first several years of the build-out period, it is expected that operating cashflows will be less than the interest and principal payments on the utility’s debt. In these instances, the developer has agreed to provide funding to make up the shortfall by way of non-interest bearing refundable customer contributions. These contributions are repayable to the developer on a straight-line basis over a six year period beginning in year 15 of the project; and
- J. Corix has been contracted by DGE to provide operation and maintenance and administration services under a ten year agreement called the Energy Services Agreement. The Energy Services Agreement requires DGE and Corix to meet annually for the initial three years of the DES operations to review costs and determine operating budgets for the following year. Beginning in year four of the agreement, DGE and Corix will agree upon a fixed price, subject to the Consumers Price Index and changes in regulatory requirements, for the remaining seven years of the agreement; and
- K. At the time of the Application there is a 20-year draft supply agreement between DGE and Three Point Properties to supply wood-waste at a fixed price of \$25 per bone dry tonne (“BDT”) for the first ten years and \$30 per BDT escalating with inflation of 3 percent for the remaining ten years; and
- L. DGE is proposing a 20-year levelized rate mechanism in order to provide a reasonable rate to strata customers in the early years of the project with a deemed capital structure of 60 percent debt and 40 percent equity and long-term debt financing at 6.5 percent; and
- M. The proposed levelized rates are based on an annualized rate of return over the 20 years equal to the low risk benchmark utility return plus 100 basis points or 9.62 percent. Should it be necessary for rate changes during the initial ten year period due to changes in forecast revenue requirements, a revised schedule of levelized rates will be filed for approval with the Commission that allows DGE the opportunity to earn its target return over the 20-year period taking into account achieved return on equity from start-up to the current year; and
- N. DGE proposes the deferral of depreciation of plant assets for the initial seven years of the operation and depreciation over 50 years starting in the eighth year of operation; and

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- O. DGE is proposing a fixed/variable rate structure that recovers 50 percent of forecast revenue through a fixed monthly charge per square meter and 50 percent through a volume based rate; and
- P. The levelized rate term is for 20 years commencing January 1, 2009, with a rate structure that is based on a fixed charge of \$2.57 per square metre per annum escalated at 3.0 percent per annum and a variable charge of \$14.01 per GJ escalated at 3.0 percent per annum. The gas cost recovery charge is based on the actual cost of natural gas and allocated based on square meters to each strata on a pro rata basis; and
- Q. Natural gas usage is not expected to be significant except during planned shut down periods and during peak periods at full build out. DGE is proposing a separate natural gas recovery charge applied to peak usage periods to recover actual gas costs from strata customers; and
- R. There are cost risks associated with forecast customer additions and corresponding energy demand as well as construction costs. The first risk has been mitigated through the proposed rate structures and service agreements whereby DGLP has entered into a contract for the use and payment to DGE whereby DGLP will pay DGE the monthly fees until such time as a unit is sold. DGE will attempt to mitigate construction cost risk with fixed price contracts; and
- S. By Order No. G-8-08 dated January 11, 2008, the Commission established a Written Public Hearing and Regulatory Timetable; and
- T. By letter dated January 11, 2008, the Commission issued Information Request No.1 to DGE; and
- U. By letter dated January 21, 2008 DGE filed a response to Information Request No.1; and
- V. By e-mail dated January 23, 2008 SunGen Sustainable Developments Inc. filed a request for Intervenor status; and
- W. By letter dated February 15, 2008, the Commission issued Information Request No. 2 to DGE; and
- X. By letter dated March 6, 2008 DGE filed a response to Information Request No.2; and
- Y. By letter dated March 11, 2008 DGE filed its final submission; and
- Z. By letter dated March 20, 2008 DGE filed responses to outstanding questions from Information Request No. 1; and
- AA. By letter dated March 20, 2008 DGE requested Commission approval for Interim Rates pending a final Decision; and

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- BB. By letter dated March 28, 2008 the Commission denied DGE's request for approval of interim rates prior to the issuance of a CPCN to DGE. The Commission stated that it is unlikely to object to DGE charging for such service and views the arrangements for service prior to granting a CPCN as a private matter between the parties; and
- CC. The Commission has reviewed the information and finds that the Application is in the public interest subject to conditions.

**NOW THEREFORE** pursuant to Sections 45, 46, 59, 60 and 61 of the Utilities Commission Act (the "Act"), the Commission orders as follows:

1. The Commission grants a CPCN to DGE for the construction and operation of a DES to provide hydronic energy service at Dockside Green as set out in the Application, subject to the following conditions:
  - 1.1 Any extraordinary capital expenditures or operating and maintenance expenses, natural gas and/or any other fuel commodity costs that are incremental to the costs included in the revenue requirements estimate presented in the Application and are required in order that the thermal energy generation system referred to as the Nexterra Plant fulfills the role described for it in the Application and supporting material, will not be included in DGE rate base and revenue requirements and will not be recovered in DGE customer rates.
  - 1.2 Any extraordinary capital expenditures or operating and maintenance expenses, natural gas and/or any other fuel commodity costs that are incremental to the costs included in the revenue requirements estimate presented in the Application and are required in order to obtain, process, handle or replace the fuel source for the district energy system, including the cost of gas that is used because wood supply is not available or the cost of wood supply to the extent it exceeds the price set out in the Binding Letter of Intent with Three Point Properties LLP that is Attachment 7.1 in Exhibit B-2, will not be included in the DGE rate base and revenue requirements and will not be recovered in DGE customer rates.
  - 1.3 DGE has provided written confirmation to the Commission that it accepts the conditions to the CPCN, within 60 calendar days of the date of this Order.
2. If any of the conditions in the CPCN for the district energy system are not met, the CPCN is cancelled immediately.
3. DGE is responsible for obtaining all other necessary licences, permits and agency approvals.
4. DGE will file with the Commission annual reports on the construction of the district energy system that provide explanations for any material variances from the schedule and cost estimate in the Application.

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5. Subject to DGE holding a CPCN for the DES, the Commission approves the revenue requirements methodology as set out in the Application and supporting materials, including that the revenue requirements will be calculated using a capital structure that has 40 percent equity, a return on equity ("ROE") that is 100 basis points higher than the benchmark ROE that the Commission establishes for a low-risk benchmark utility, and DGE's actual interest rate. This methodology will apply for subsequent years unless and until it is changed by future Commission Order.
6. The Commission approves the rate design proposed by DGE, which has a 50 percent variable component and a 50 percent monthly charge based on area in square metres, unless and until it is changed by a future Commission Order.
7. Subject to DGE holding a CPCN for the district energy system, the Commission approves the revised Hydronic Energy Service Terms and Conditions (the "Tariff") for Dockside Green as set out in Exhibit B-4, Attachment 19.1, subject to DGE filing by June 1, 2008 a Tariff that incorporates the revision to Section 23 that is directed in the Reasons for Decision in Appendix A.
8. DGE will maintain separate accounts for the district energy system at Dockside Green and will file Annual Reports and financial statements that summarize the results of utility operations within four months of its fiscal year-end, and which address the directions on Annual Reports that are set out in the Reasons for Decision in Appendix A. The Annual Reports will be in a form to be developed in consultation with Commission staff.
9. DGE will provide a copy of this Order and the 24-hour emergency contact number to each current and new customer, and will maintain a copy of its approved Tariff and current customer rates for inspection by customers on its web site and, in the event it maintains an office in Victoria, at the Victoria office.
10. DGE will submit all service agreements with off-site customers to the Commission in a timely fashion, for approval as Rate Schedules or Tariff Supplements.
11. DGE will comply with all directions in the Reasons for Decision attached as Appendix A to this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 18<sup>th</sup> day of April 2008.

BY ORDER



L.F. Kelsey  
Commissioner

Attachment

Dockside Green Energy LLP  
Application for a Certificate of Public Convenience and Necessity  
To Construct and Operate the Dockside Green District Energy System

**REASONS FOR DECISION**

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**1.0 BACKGROUND**

**1.1 Application**

On December 21, 2007 Dockside Green Energy LLP (“DGE”) applied (“the Application”) to the British Columbia Utilities Commission (“BCUC”, “Commission”) for:

- (a) a Certificate of Public Convenience and Necessity (“CPCN”) to construct and operate a district energy system (“DES”) to provide energy service to the Dockside Green development currently being built on the Inner Harbour in Victoria;
- (b) approval of:
  - a levelized rate base
  - forecast revenue requirements, including:
    - a deemed capital structure of 40% equity, 60% debt
    - an allowed return on equity of 9.62%
    - long term debt financing at 6.5%
    - forecast operating costs
  - accounting treatment of:
    - depreciation of plant assets
    - a 20 year levelized rate structure
  - rate design
  - Service Agreement Terms & Conditions [Tariff]

The Dockside Green development is, if not unique, at least rare in its commitment to environmental and energy sustainability relative to current standards of development. These characteristics are described in the following section. The extent to which these factors have a bearing on the Commission’s review of the Application is described elsewhere in this Decision.



## 1.2 The Dockside Green Project

Dockside Green is a mixed residential, office, retail and industrial development with a planned total floor space of 129,658 square meters (approximately 1.4 million square feet) on fifteen acres of formerly contaminated industrial land in Victoria. The project is to be developed in nine phases over seven years and the first phase of residential condominiums is now complete.

The developer of the project is the Dockside Green Limited Partnership (“Dockside Green LP” or “Developer”), which is owned by Vancity Capital Corporation (“Vancity”) and Windmill West Properties LLP (“Windmill”). The Disclosure Statement filed with the Superintendent of Real Estate (“Disclosure Statement”) and with the Commission in response to Commission Information Request No. 1 (Exhibit B-2) states that the Developer intends to construct a biomass facility to provide hot water heating to Dockside Green and will establish a private utility company to operate a wood-waste gasification system (the “Waste Wood Facility”). Further to that commitment, Dockside Green LP has established DGE as the district energy system utility.

The Dockside Green project will be a sustainable development certified by the Canada Green Building Council’s Leadership in Energy and Environmental Design (“LEED”™) green building rating system (Exhibit B-1, p. 30). LEED certification involves certification and credits in five principal LEED categories: sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. LEED-Platinum is the highest of the four possible levels of LEED certification (Exhibit B-1, p. 7; Exhibit B-2, p. 1). The Application states that the Developer’s commitment to the LEED-Platinum certification is reinforced by a developer covenant with the City of Victoria that requires the Developer to pay the city a penalty for every square foot of every building that does not achieve the LEED-Platinum rating (Exhibit B-1, p. 30).

Further to the LEED-Platinum certification of the project, DGE will use a wood-waste fired gasification system provided by Nexterra Energy Corp. (“Nexterra”) capable of delivering 2 MW thermal heat (“MWth”) for residential/commercial district heating. Nexterra also has plants operating at the University of South Carolina and the Tolko Industries Ltd. plywood mill near Kamloops (Exhibit B-1, pp. 52-53). The energy derived from the system is intended to reduce the greenhouse gas emissions that would otherwise be produced from energy use at the development (Exhibit B-1, p. 7; Exhibit B-2, Attachment 9.3, p. 4). Technology Early Action Measures (“TEAM”) funding from the federal Department of Natural Resources will provide partially repayable assistance of \$1.5 million. TEAM funding supports projects that are designed to demonstrate technologies that mitigate gas emissions and sustain economic and social development (Exhibit B-1, pp. 52-53).

Also as part of the project's LEED-Platinum certification, the Developer intends to construct on-site sewage treatment systems and will establish a separate private utility company to operate the sewage systems to provide sewage service to Dockside Green, and to provide irrigation service and water for toilet facilities. DGE states that Dockside Green, with future growth, will also include sewer waste heat recovery technology to provide energy to customers through the DES (Exhibit B-2, Attachment 1.1, p. 28).

In addition, the Developer has agreed to implement certain transportation strategies including: a mini-transit service offering shuttle service from Dockside Green to various downtown Victoria locations; a car-share program offering residents the use of electric and high fuel-efficiency vehicles to be provided by the developer; and installation of bicycle racks throughout Dockside Green (Exhibit B-2, Attachment 1.1, p. 28).

The Application states that all of the buildings in the development will be designed to outperform the Model National Energy Code for Buildings by at least 40 percent which "...will translate into savings for occupants as well as peak electricity demand reductions that will benefit the Province of BC" (Exhibit B-1, p. 31).

### **1.3 Dockside Green Energy LLP**

DGE is jointly owned by Corix Utilities Inc. ("Corix"), Terasen Energy Services Inc. ("TES"), Vancity and Windmill. Corix, Windmill, and TES each own a 17 percent interest in DGE and Vancity owns the remaining 49 percent. Corix is experienced in the ownership and operation of utility and district energy systems, and DGE has contracted with Corix to provide utility operations (Exhibit B-1, pp. 2-8).

In addition to serving the customers within the Dockside Green development, DGE will be seeking to serve customers in close proximity to, but outside of, the project ("Off-site" customers) in order to earn incremental revenues and reduce the cost of serving the Dockside Green customers. Although DGE states that it has received expressions of interest from other nearby developments and is engaged in other nearby prospects, the only Off-site customer currently forecast to be served by DGE is a Delta Hotel. DGE currently has a Memorandum of Understanding ("MOU") with the Delta Hotel and DGE assumes that the Delta Hotel MOU will be converted into a sales agreement with no material changes (Exhibit B-1, pp. 20-21).

DGE will meter energy use at the building level and will bill each strata as a separate customer. Each strata will sub-meter energy use for the purpose of allocating energy costs within the strata (Exhibit B-1, p. 8).

#### **1.4 Regulatory Process for Review of the Application**

DGE filed its Application on December 21, 2007. By Commission Order No. G-8-08 dated January 11, 2008, the Commission determined that a written public hearing process was necessary to review the Application and a public notice and Regulatory Timetable were prepared. On February 28, 2008 DGE's letter to the Commission requested that the Regulatory Timetable be revised, and by letter dated February 29, 2008, the Commission accepted DGE's proposal.

The Commission issued Information Requests No. 1 and 2 to DGE on January 11, 2008 and February 15, 2008, respectively and DGE filed its responses on January 21, 2008 and March 6, 2008 respectively. On March 11, 2008 DGE filed some outstanding responses to Information Request No. 1 and its Final Submission.

The only party to intervene in the written hearing process was SunGen Sustainable Developments Inc., which did not file information requests, evidence or final submissions with respect to the Application.

On March 20, 2008 DGE filed a request for approval to charge the rates proposed in the Application on an interim basis in order to supply hydronic energy service to the initial strata complex at Dockside Green based on the applied-for rates and terms and conditions pending a final Commission Decision. The Commission, by letter dated March 28, 2008, concluded that it would not be appropriate to approve rates for Dockside Green prior to the issuance of a CPCN to DGE and denied DGE's request for approval to charge rates on an interim basis. The Commission noted that the lack of a CPCN and approved rates should not of itself prevent DGE from providing service to customers at Dockside Green, and the Commission would be unlikely to object to DGE charging for such service, as it views the arrangements for service prior to granting a CPCN as a private matter between the parties.

#### **2.0 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

DGE applied pursuant to Sections 45 and 46 of the Utilities Commission Act ("UCA" or "Act") for a CPCN to construct and operate a DES to provide energy service to the Dockside Green development.

Section 45 of the UCA states, in part:

“45 (1) Except as otherwise provided, after September 11, 1980, a person must not begin the construction or operation of a public utility plant or system, or an extension of either, without first obtaining from the commission a certificate that public convenience and necessity require or will require the construction or operation.”

Section 46 of the UCA states, in part:

“(1) An applicant for a certificate of public convenience and necessity must file with the commission information, material, evidence and documents that the commission prescribes.

(2) The commission has a discretion whether or not to hold any hearing on the application.

(3) The commission may issue or refuse to issue the certificate, or may issue a certificate of public convenience and necessity for the construction or operation of a part only of the proposed facility, line, plant, system or extension, or for the partial exercise only of a right or privilege, and may attach to the exercise of the right or privilege granted by the certificate, terms, including conditions about the duration of the right or privilege under this Act as, in its judgment, the public convenience or necessity may require.”

The Commission reviewed the Application through a written hearing process as described above and notes that there was no opposition to the Application. The Commission understands the nature of both the DES and the Dockside Green project to be unique in many respects. The thermal energy generation system technology proposed for the DES will be provided under contract as a “turn key” installation (Exhibit B-1, p. 12). A multi-year draft contract for the supply of biomass for the DES is in place (Exhibit B-1, p. 39). The Commission considers the unique nature of the development, the emerging technology of the thermal energy generation system and the security of supply and quality of biomass to be risks unique to this project and, to properly conserve the public interest, should be shareholder risks. These issues are addressed elsewhere in this Decision.

### **Commission Determination**

**The Commission Panel approves the CPCN Application for the DES as described in the Application subject to the conditions made elsewhere in this Decision. DGE will provide written confirmation to the Commission accepting the conditions of the CPCN within 60 calendar days of this Order. Should such confirmation not be received the CPCN is cancelled immediately.**

### 3.0 RATES

#### 3.1 Adjustment of Rates

DGE states that because it has proposed offering levelized rates, it will be forgoing a portion of its allowed return during the build-out period in order to offer customers lower initial rates, and that the opportunity for generating additional revenue (from off-site customers) reduces the under-earning in the early years of the project (Exhibit B-2, p. 7). DGE is proposing that additional revenues from other off-site customers be credited to the utility in order to allow a potential equity return over the 20-year period that is equal to or in excess of the target ROE (Exhibit B-1, p. 49).

DGE also states that it "...would adjust the levelized rates provided that DGE has earned a cumulative average rate of return since the inception of rates exceeding its allowed rate of return or if such rate adjustment would not otherwise impair DGE's ability to earn a reasonable rate of return on its investment over the term of the levelized rate period" (Exhibit B-2, p. 7).

#### Commission Determination

The Commission Panel notes that the allowed rate of return is not a guarantee that the utility will achieve that return, and also that a levelized tariff rate over time implies a recognition that there may be over-earnings in some years that compensate for under-earnings in the early years of a project. **The Commission Panel determines that given the nature of the Dockside Green project the levelized rate proposed, including the proposed deferral of depreciation of plant assets for the Dockside Green project, is appropriate.**

**The Commission Panel determines that in its Annual Reports, DGE should include a calculation of the cumulative average rate of return since the inception of rates. The Commission will consider that cumulative average rate of return along with any other factors it considers appropriate to determine at that time whether a revision to the tariff rate is required.**

## 4.0 REVENUE REQUIREMENTS

### 4.1 Capital Structure and Return on Equity

DGE states that it expects to capitalize 60 percent of the net rate base with long term debt, with the interest rate on the debt expected to be 6.5 percent and amortized over 258 months. DGE expects to capitalize the remaining 40 percent of the rate base with common equity "...at a target return on equity (ROE) of 9.7 percent, which is based on the current allowed ROE for a low-risk benchmark utility plus 100 basis points" (Exhibit B-1, p. 39). DGE subsequently revised its financial model to incorporate an ROE of 9.62 percent, which is 100 basis points greater than the 2008 allowed ROE for a low-risk benchmark utility of 8.62 percent (Exhibit B-4, p. 7).

DGE states that the capital structure and target ROE provide the utility owner an opportunity to earn a fair return on invested equity taking into consideration various risks associated with the enterprise (Exhibit B-1, pp. 48-49). DGE provides a table showing the capital structures and risk premiums for some other British Columbia utilities and submits that DGE's business risk is directionally higher than established utilities because "...DGE is a new business venture employing emerging technology, in which the exact nature of future customer needs is difficult to estimate with precision" (Exhibit B-4, p. 6).

DGE highlights the energy demand risk arising from the long lead time required for the Dockside Green project and the consequent uncertainty in forecasting the composition of future housing and timing of customer additions. DGE notes that the assumed energy use volumes for Dockside Green are based on engineering estimates that consider the expected energy requirements associated with LEED-Platinum standards, and that the volume risk arises from occupancy, energy intensity, weather and other forecast errors (Exhibit B-4, p. 4). DGE notes that it has mitigated the demand forecast risk in large part through the proposed rate structures (a 50 percent fixed/50 percent variable rate structure) and through Service Agreements with DGLP (Exhibit B-1, p. 48).

The other significant risk claimed by DGE is that of construction cost escalation, which it submits has also been mitigated through the Service Agreement with DGLP. DGE also states that it will attempt to further mitigate the risk through fixed price contracts (Exhibit B-1, p. 48). DGE confirms that Nexterra has offered a fixed price turn key contract for the gasification plant, back-up boiler and building, and that DGLP will provide the site preparation, road access, landscaping and all required utilities to the central heating plant. DGE further confirms that the only areas of uncertainty arise from changes to the specifications or scope of the project required by DGE (Exhibit B-2, p. 9).

Other risks cited by DGE include:

- Operating cost inputs and inflation rates;
- Uncertainty of Off-site sales volumes;
- Unknown escalation rates of competing fuels; and
- Small size company and limited customer base.

DGE is proposing that changes in non-controllable costs be flowed through in future onsite rates, such changes to include changes in plant operating costs during the initial three years, changes in biomass, natural gas, and electricity costs, and changes in legal and regulatory requirements. The achieved return on capital over the 20-year levelization period would be subject to future reviews for reasonableness by the Commission (Exhibit B-1, p. 49).

The risk of cost changes related to the primary fuel (wood-waste) for the Wood Waste Facility, is limited by the binding letter of intent between DGE and the supplier, Three Point Properties LLP (“Three Point”), which provides for a 20-year supply of fuel at a fixed price of \$20 per BDT for the first ten year period and \$30 per BDT for the subsequent ten year period. DGE notes that the arrangement with Three Point provides the utility with a reliable supply of biomass that meets the Nexterra specifications at a stable predictable cost, but that the arrangement does not restrict the utility from pursuing other supply sources, which may enhance price-competitiveness (Exhibit B-2, p. 5).

### **Commission Determination**

The Commission has reviewed the evidence provided by DGE and concurs that there are risks associated with the project, but also notes that DGE has taken measures to mitigate those risks. Such measures include the levelized rate structure that includes a higher fixed rate component than typical utility rates, the use of cost or risk sharing agreements, and the use of fixed price long-term contracts.

DGE provided a list of some other B.C. utilities and the capital structures and risk premiums allowed for those utilities (Exhibit B-4, p. 6) and the Commission has also considered those comparables.

Finally, the Commission has considered the LEED-Platinum design of the Dockside Green development and that all of the buildings in the development will be designed to outperform the Model National Energy Code for Buildings by at least 40 percent, which will translate into savings for occupants. Vancity and Windmill make up DGLP and own 49 percent and 17 percent of DGE respectively. In the Commission’s view, the allowed capital structure and ROE should not penalize green developments that incorporate DES.

The Commission determines that given the unique nature of this project, its small size, and the fact that it is an entirely greenfield project, the applied-for capital structure and risk premium of 100 basis points should be approved. The Commission also determines that even though the levelized rate is based on an ROE of 9.62 percent, DGE should use the ROE for a low-risk benchmark utility as determined by the Commission plus the additional 100 basis points allowed as a basis for calculating its allowed earnings for each year for service to Dockside Green.

The Commission conditionally approves the long-term debt financing rate of 6.5 percent but requires that any debt instrument be filed with the Commission and such instrument will be subject to acceptance at that time.

## 5.0 TARIFF TERMS AND CONDITIONS

### 5.1 Sections 22 and 23

Section 22: Term of Service Agreement states that the initial term of the service agreement, when a Main Extension is required, will be for a period of time fixed by the utility not exceeding the number of years used to calculate the revenue in the Main Extension test. The Main Extension test is an economic test described in Section 10 of the Tariff Terms and Conditions, and establishes that if the economic test results indicate a negative net present value for a proposed extension, the extension may proceed if the customers to be served by the extension provide a contribution in aid of construction so that any projected revenue shortfall is eliminated. Section 23: Termination of Service states, among other things, that termination of service may result in the customer being charged the full cost of all infrastructure associated with the provision of service to the customer as determined by the utility to ensure other customers are not adversely impacted by the termination.

The Commission Panel is not persuaded that the requirement in Section 23 indicating that a customer terminating service may be charged the full cost of all infrastructure associated with the provision of service to the customer "...as determined by the utility..." is necessary or in the public interest. The Commission Panel also notes that the "...full cost of all infrastructure..." is not a defined term. While the Commission Panel can speculate or assume that the "full cost" refers to the depreciated book value of the infrastructure in question, and that the use of the depreciated book value might be sufficient to ensure that other customers are not adversely impacted, it is not clear that such is the case. The Tariff provision as currently worded would not preclude an argument that full cost refers to the original, undepreciated cost of the infrastructure.



## Commission Determination

Provisions concerning recovery of infrastructure costs may be appropriate and may be included in contracts between the DGE and the Developer, and ultimately stratas within the Dockside Green development. That appears to be within the control of DGE and the Developer. For new Off-site attachments, to the extent that they require new infrastructure, the Commission Panel is of the view that DGE has the ability under Section 22 to set a term of service equal to the number of years used to calculate the revenue in the Main Extension test. Therefore, the Commission determines that contractual provisions between the customers and DGE, the Main Extension test, and the ability of DGE under Section 22 to establish for any new customer on a main extension a term of service that is equal to the number of years used to calculate the revenue in the Main Extension test, in combination, provide adequate protection to DGE, without the need for the noted provision in Section 23. **Consequently, the Commission directs DGE to remove the sentence that reads as follows from Section 23:**

**“Termination of Service may result in the Customer being charged the full cost of all infrastructure associated with the provision of Service to the Customer as determined by the Utility to ensure other Customers on the Hydronic Energy system are not adversely impacted by the termination.”**

The Commission also requires that any rate changes, which may be required either for new or existing customers, be included in a tariff and submitted to the Commission for approval prior to such rates coming into effect.

## 6.0 RESPONSIBILITY FOR RISKS

DGE identifies a number of risks and notes the actions it has taken to mitigate many of the risks. The Commission, in approving the requested capital structure and ROE, is recognizing the risks associated with the unique nature of the project, in every respect.

For greater clarity and certainty the Commission addresses the following risks and clarifies responsibility for each.

### 6.1 Thermal Energy Generation System

DGE states that Nexterra has been contracted to provide a turn key gasification system that will supply 2 MWth of hot water to the Dockside Green DES and that the gasification system will be housed to ensure that there is no disturbance to the local community from the gasification system operations (Exhibit B-1, p. 12). Nexterra will

guarantee the heat generation capacity and emissions for the gasification system (Exhibit B-1, p.18). The system will have a 3.4 MWth natural gas back-up system that will provide peaking capacity and back-up heat when the gasification plant is not in operation. The Application states that as a requirement of the LEED-Platinum designation, any credits or monetary value assigned to greenhouse gas emissions at Dockside Green will be owned by the developer (Exhibit B-1, p. 33).

DGE, in its justification for requested equity ratio and risk premium, describes the operation as a “new business venture employing emerging technology” (BCUC IR 2.23.1). The Commission is of the view that in allowing the requested equity ratio and risk premium, customers should not be exposed to risks from uncertainties related to the “emerging technology”. Furthermore, the inability of customers to share in any monetary benefits related to the greenhouse gas impact of this technology indicates that it would not be reasonable for them to be responsible for any extraordinary costs that may be required in order to realize such benefits.

#### **Commission Determination**

**Any extraordinary capital expenditures or operating and maintenance expenses, natural gas and/or any other commodity costs that are incremental to the costs included in the revenue requirements estimate presented in the Application and are required in order that the thermal energy generation system referred to as the Nexterra Plant fulfills the role described for it in the Application and supporting material, will not be included in DGE rate base and revenue requirements, and will not be recovered in DGE customer rates.**

#### **6.2 Biomass Plant Fuel and Operating Costs**

DGE states that biomass for the gasification plant will be supplied from local sources and, at the time of the Application, there is a draft 20-year fixed price agreement between DGE and a local supplier to supply wood-waste (Exhibit B-1, p. 38). DGE states that in addition to this draft agreement it has identified several alternate sources of supply should these be required. DGE proposes that changes in non-controllable costs be flowed through in future onsite rates, and includes in those costs, changes in plant operating costs and changes in biomass costs. In view of the costs stated in the draft 20-year fixed price agreement, which underpin the economics of the DES and the assurance of alternate sources of supply, and consideration of the risks associated with emerging technology in the ROE, the Commission Panel will not permit the customer to be exposed to the risk of higher costs for biomass fuel.

## Commission Determination

**Any extraordinary capital expenditures or operating and maintenance expenses, natural gas and/or any other commodity costs that are incremental to the costs included in the revenue requirements estimate presented in the Application and are required in order to obtain, process, handle or replace the fuel source for the district energy system, including the cost of gas that is used because wood supply is not available or the cost of wood supply to the extent it exceeds the price set out in the Binding Letter of Intent with Three Point Properties LLP that is Attachment 7.1 in Exhibit B-2, will not be included in the DGE rate base and revenue requirements, and will not be recovered in DGE customer rates.**

## 7.0 ANNUAL REPORTING REQUIREMENTS

Section 24 of the Act requires that:

“In its supervision of public utilities, the commission must make examinations and conduct inquiries necessary to keep itself informed about

- (a) the conduct of public utility business,
- (b) compliance by public utilities with this Act, regulations or any other law, and
- (c) any other matter in the commission’s jurisdiction.”

In compliance with Section 24, the Commission has directed the utilities under its jurisdiction to file Annual Reports within four months after the end of the financial year. The Commission is empowered to require the Annual Report filing pursuant to Section 49 of the Act which states that:

“The commission may, by order, require every public utility to do one or more of the following:

- (a) keep the records and accounts of the conduct of the utility's business that the commission may specify, and for public utilities of the same class, adopt a uniform system of accounting specified by the commission;
- (b) provide, at the times and in the form and manner the commission specifies, a detailed report of finances and operations, verified as specified;
- (c) file with the commission, at the times and in the form and manner the commission specifies, a report of every accident occurring to or on the plant, equipment or other property of the utility, if the accident is of such nature as to endanger the safety, health or property of any person;
- (d) obtain from a board, tribunal, municipal or other body or official having jurisdiction or authority, permission, if necessary, to undertake or carry on a work or service ordered by the commission to be undertaken or carried on that is contingent on the permission.”

The Commission direction to utilities regarding the annual report requirements were updated in Commission Letter No. L-36-94.

The Commission has established an Annual Report form for steam/hot water utilities that are applicable to DGE. DGE can obtain a copy of the Annual Report forms for steam/hot water utilities from the Commission.

**DGE's Annual Report to the Commission is also to contain an updated CPCN Summary section of the Financial Model that was submitted in Exhibit B-4 ("Updated CPCN Summary"). The Updated CPCN Summary in DGE's Annual Report to the Commission is to show the forecast and actual results by year from 2009 to 2018 with an explanation of the variances in the current year from forecast.**



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-7-11**

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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Corix Multi-Utility Services Inc.  
for a Certificate of Public Convenience and Necessity  
to Construct and Operate a District Energy System for the  
UniverCity Neighbourhood Utility Service Project in Burnaby, BC

and

Approval of the proposed Revenue Requirement, Rate Design, Levelized Rates, and Service Agreement

**BEFORE:** D.A. Cote, Panel Chair/Commissioner  
L.A. O'Hara, Commissioner  
D. Morton, Commissioner  
May 6, 2011

**O R D E R**

**WHEREAS:**

- A. On November 26, 2010, Corix Multi-Utility Services Inc. (CMUS) applied to the British Columbia Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (CPCN) under sections 45 and 46 of the *Utilities Commission Act* (Act) for the construction and operation of a district energy system (DES) for the UniverCity Neighbourhood Utility Service (NUS) in Burnaby, BC, and for approval under sections 59, 60 and 61 of the Act for the proposed revenue requirement, rate design, Service Agreements, and levelized rates (the Application);
- B. The UniverCity is a sustainable residential community, being developed by Simon Fraser University (SFU) Community Trust, being built adjacent to the main SFU campus. The development is being constructed in 4 phases. Phase 1 and 2 have already been constructed and will not be connected to the proposed DES. The first three buildings of Phase 3 are under development and scheduled for completion in the fall of 2011, which will be served by the proposed NUS. When completed in 2019 the development will total 296,572 square meters;
- C. CMUS will be responsible for development and ownership of the NUS, a community-based utility. The primary responsibility will be to develop, implement, operate and maintain the DES, which will provide thermal energy to residents of Phase 3 and 4 of the UniverCity developments;
- D. CMUS proposes that the DES will be initially served by a temporary Central Energy Plant (CEP) using natural gas boilers and a distribution system which is expected to serve the needs of the NUS until 2016. A transition to a permanent CEP using an alternative energy fuel source (such as biomass) will replace the temporary Central Energy Plant as the primary source of thermal energy when sufficient load requirements are reached;

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- E. By Order G-193-10, dated December 10, 2010, the Commission established a written public hearing process and regulatory timetable to review this Application;
- F. The Commission has reviewed the Application and has determined that it is in the public interest to grant a partial approval of this CPCN Application.

**NOW THEREFORE** the Commission orders as follows:

- 1. Approval for Corix Multi-Utility Services to construct and operate a natural gas fuelled temporary Central Energy Plant and related Thermal Distribution System and Energy Transfer Stations as outlined in the Application.
- 2. Further consideration of the permanent Central Energy Plant is suspended until CMUS is able to meet the requirements outlined in the Decision.
- 3. The approved temporary Central Energy Plant will operate on the basis of the following terms:
  - a. A ROE which is 50 basis points over the benchmark ROE;
  - b. A rate base with 60 percent deemed debt and the remaining 40 percent with common equity;
  - c. A rate design with a 60 percent fixed monthly charge and a 40 percent variable charge which are to be recalculated using a 20-year levelized rate, based solely on the capital cost of the temporary Central Energy Plant plus the related distribution system. This is to be adjusted for all financial directives provided in Sections 6.2.2 to 6.2.4 of the Decision.
  - d. A blended debt rate of 6.0 percent based on the 10-year Government of Canada benchmark bond yield of 3.5 percent and a credit spread of 250 basis points.
  - e. The establishment of a revenue deferral account to capture the revenue requirement variances under the levelized rate approach.
- 4. Corix Multi-Utility Services must file a report showing the calculation and balance of the revenue deferral account by December 31 of each year.
- 5. Corix Multi-Utility Services must submit a schedule of standard fees and charges reflecting the provision of natural gas service to the Commission within 10 business days of this Decision.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 6<sup>th</sup> day of May 2011.

BY ORDER

*Original signed by:*

D.A. Cote  
Panel Chair/Commissioner