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ORDER NUMBER
G-255-25

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

and

Corix UBCDE Limited Partnership
UBC Neighbourhood District Energy System
2025 to 2027 Revenue Requirement and Rates

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

on October 28, 2025

ORDER

WHEREAS:

A. On December 31, 2024, Corix UBCDE Limited Partnership (Corix) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA), seeking approval of the revenue requirement and rates for its Neighbourhood District Energy System at the University of British Columbia (UBC NDES) for 2025 to 2027, effective January 1 of each respective year (Application);

B. By Order G-84-15 dated May 25, 2015, the BCUC approved a 20-year, levelized two-part rate structure with a Basic Charge and Variable Charge, through which a portion of the annual revenue requirement is deferred in the early stages of development for UBC NDES. In the same order, the BCUC also approved the establishment of a Revenue Deficiency Deferral Account (RDDA) in order to capture the revenue requirement variances under the levelized rate structure;

C. In a compliance filing to Order G-84-15, Corix filed with the BCUC its revised levelized rates and residential rate schedule, based on certain adjustments outlined in that order and the associated decision, for its Basic Charge and Variable Charge for the years 2015 to 2034, which included the following Basic Charges for 2025, 2026 and 2027:

	2025	**2026**	**2027**
Basic Charge ($/square metre [$m^2$] per month)	0.6610	0.6802	0.6999

D. By Order G-284-23 dated October 20, 2023, the BCUC approved Corix's application to replace the Variable Charge with a Variable Energy Charge, which recovers only flow-through energy costs, and to establish an Energy Cost Reconciliation Account, to capture energy costs related variances, commencing on September 1, 2023;

E. In the Application, among other things, Corix requests approval to increase the previously approved Basic Charge effective on January 1 for each of 2025, 2026 and 2027, as outlined below:

	2025	**2026**	**2027**
Proposed Basic Charge ($/m^2 per month)	0.7580	0.8717	0.9763

F. By Order G-10-25 dated January 23, 2025, the BCUC granted approval of a Basic Charge of $0.7580 per square metre per month, on an interim and refundable/recoverable basis, effective January 1, 2025;

G. By Orders G-10-25 and G-109-25, the BCUC established and amended the regulatory timetable for the review of the Application, which included letters of comment from the public, intervener registration, two rounds of BCUC and intervener information requests (IRs) and written arguments;

H. On April 17, 2025, Corix filed an evidentiary update to the Application containing amended financial schedules to reflect updates to its build-out schedule and capital cost adjustments, among other items. In a separate submission, marked as Exhibit B-8, Corix also filed an amended financial model on a confidential basis;

I. Corix requests that the financial model accompanying the Application, marked as Exhibit B-1-1, as well as the amended financial model, marked as Exhibit B-8, be held confidential. Corix also requests that the list of customers notified of the Application (Exhibit B-2-1), the unredacted responses to BCUC IR No. 1 (Exhibit B-3-1) and to BCUC IR No. 2 (Exhibit B-11-1) be held confidential as they contain commercially sensitive information; and

J. The BCUC has considered the Application, evidence and arguments filed in the proceeding and makes the following determinations.

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

1. Corix is approved to charge a Basic Charge of $0.7580/m^2 per month effective January 1, 2025, $0.8717/m^2 per month effective January 1, 2026, and $0.9763/m^2 per month effective January 1, 2027, as adjusted in accordance with the directives and determinations outlined in this order and the accompanying decision, on a permanent basis.

2. Corix is directed to file a compliance filing with the BCUC by November 28, 2025 in accordance with Sections 2.1.1 and 7.0 of the decision accompanying this order, which includes tariff pages for BCUC endorsement.

3. Corix is directed to record the variance between the interim and permanent rate as a one-time adjustment in the RDDA following the BCUC's acceptance of the compliance filing set out in Directive 2.

4. The Basic Charge rates previously approved by Order G-84-15, for the effective period from January 1, 2025 to January 1, 2034, inclusive, are rescinded.

5. Corix is directed to file its next Revenue Requirement and Rates Application (RRRA) by no later than November 1, 2027.

6. Corix is approved to extend the RDDA recovery period by five years from 2034 to 2039.

7. Corix is directed to include, in its next RRRA, an evaluation of what categories of O&M costs continue to be non-controllable, with supporting justification.

8. Corix is directed to amend the RDDA to record the differences between the BCUC-approved forecast revenues at approved rates and forecast cost of service, starting in the next RRRA.

9. Corix is approved to establish a Regulatory Costs Variance Account (RCVA) as a non-rate base deferral account to record the variance between forecast and actual external regulatory costs. Corix is directed to fully amortize the forecast balance in the RCVA at the end of the current test period over the next test period through adjustments to the Basic Charge.

10. Corix is approved to establish an Insurance Cost Variance Account (ICVA) as a non-rate base deferral account to record the variance between forecast and actual insurance costs. Corix is directed to fully amortize the forecast balance in the ICVA at the end of the current test period over the next test period through adjustments to the Basic Charge.

11. Corix is approved to record $174,091 in the Generic Cost of Capital (GCOC) Variance Deferral Account and amortize the GCOC Variance Deferral Account balance through a fixed-charge rate rider of $0.0287/$m^2$ per month, titled Rate Rider 1, over a 24-month period, beginning January 1, 2026 and ending December 31, 2027.

12. Corix is directed to report in its next RRRA the forecast residual balance in the GCOC Variance Deferral Account at the end of 2027 and propose an appropriate treatment for any residual balance.

13. Corix's proposed capitalized overhead methodology for the UBC NDES is accepted.

14. Corix's housekeeping tariff amendments in the UBC NDES tariff as set out in Appendix G in the Application are approved, subject to revisions to reflect the approved Basic Charge rates as set out in Directive 1 of this order.

15. The financial model accompanying the Application in Exhibit B-1-1, amended financial model in Exhibit B-8, list of customers notified of the Application in Exhibit B-2-1, and unredacted responses to BCUC IR No. 1 in Exhibit B-3-1 and BCUC IR No. 2 in Exhibit B-11-1 will be kept confidential unless the BCUC directs otherwise, as they contain commercially sensitive information.

16. Corix is directed to comply with all other directives and determinations outlined in the decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of October 2025.

BY ORDER

Electronically signed by Wendy Royle

W. E. Royle
Commissioner

DECISION

Table of Contents

Page no.

Executive Summary ..... **i**

1.0 Introduction **1**

1.1 History, Application and Regulatory Review Process 1

1.2 Decision Framework 4

2.0 Revenue Requirement **4**

2.1 Operating and Maintenance Costs 5

2.1.1 Corporate Services and Regional Services Costs 7

2.1.2 Controllable and Non-Controllable O&M Costs 12

2.2 Capital Additions and Forecast Capital Cost Increases 14

2.2.1 New Capitalized Overhead Methodology 15

3.0 Revenue Deficiency Deferral Account **16**

3.1 Build-Out Schedule Delays 16

3.2 RDDA Recovery Period 17

3.3 Including the RDDA in Rate Base 20

3.4 Future Function of the RDDA 20

4.0 Other Deferral Account Requests **23**

4.1 Regulatory Costs Variance Account and Insurance Cost Variance Account 23

4.2 Generic Cost of Capital Variance Deferral Account 25

5.0 Letters of Comment **27**

6.0 Timing of Current and Future Applications **28**

7.0 Overall Determination on the 2025-2027 Revenue Requirement and Basic Charge **30**

8.0 Other Matters **33**

8.1 Implications of UBC Climate Action Policies and Programs 33

8.2 UBC Franchise Fee 34

8.3 Confidentiality 34

APPENDICES

APPENDIX A LIST OF TERMS AND ACRONYMS
APPENDIX B EXHIBIT LIST
APPENDIX C SUMMARY OF DIRECTIVES/DETERMINATIONS

Executive Summary

On December 31, 2024, Corix UBCDE Limited Partnership (Corix) applied to the British Columbia Utilities Commission (BCUC) seeking approval of the revenue requirement and Basic Charge rates for 2025 to 2027 (Application) for its Neighbourhood District Energy System at the University of British Columbia (UBC NDES). In 2015, the BCUC granted a Certificate of Public Convenience and Necessity for the construction of UBC NDES. The BCUC also approved:

- A 20-year levelized rate structure, including Basic Charge rates from 2015 to 2034; and
- A Revenue Deficiency Deferral Account (RDDA), that defers a portion of the revenue requirement in the early years of construction, to be fully recovered by 2034.

In the Application, which is its first delivery rate application since 2015, Corix proposes to increase its 2024 Basic Charge rate by 18 percent in 2025, followed by 15 percent in 2026, and 12 percent in 2027, effective January 1 of each year (Test Period) as summarized below:

	2025	2026	2027
Basic Charge ($/m^2 per month)[1]	0.6610	0.6802	0.6999
Proposed Basic Charge ($/m^2 per month)	0.7580	0.8717	0.9763

Corix submits the increases in Basic Charge rates are necessary as the costs to serve the UBC NDES are increasing compared to what Corix has forecast in 2015, and the revenues are much lower than expected due to delays in construction of the buildings the UBC NDES is meant to serve.

The Panel approves the forecast revenue requirements for the Test Period, except for Corix's proposed forecast corporate and regional services costs. While recognizing that operating costs will increase over time, the Panel is concerned about the significant increase to these costs after Corix's restructuring in 2024. Instead, the Panel approves corporate and regional services costs for the Test Period based on Corix's labour inflation factor.

As for changes in rate levelization, the Panel:

- Approves the extension of the RDDA recovery period by five years from 2034 to 2039 due to the delayed build-out; and
- Directs Corix to amend the RDDA to record the difference between the BCUC-approved forecast revenues at approved rates and forecast cost of service, starting in the next revenue requirement and rates application. The Panel considers that using the RDDA to record differences between the approved forecast revenues at approved rates and forecast cost of service requires Corix to bear some forecast risk and incentivizes Corix to operate efficiently.

The Panel notes that delaying the rate increase now would be detrimental to current and future customers by accumulating a higher RDDA balance, and to the utility by putting its ongoing financial viability at risk. Accordingly, the Panel approves Corix's revenue requirement and amendments to its Basic Charge rates, as adjusted for the reduction in corporate and regional services costs, on a permanent basis. Additionally, Corix is

[1] Approved by Order G-84-15 with Reasons for Decision dated May 25, 2015.

approved to charge a new rate rider of $0.0287/$m^2$ per month, commencing on January 1, 2026 for 24 months, to amortize an adjustment for the increase in Corix's allowed return that came into effect on January 1, 2024.

Corix is directed to file its next revenue requirement and rates application by no later than November 1, 2027.

1.0 Introduction

On December 31, 2024, Corix UBCDE Limited Partnership (Corix) applied to the British Columbia Utilities Commission (BCUC) seeking approval of the revenue requirement and basic charge (Basic Charge) rates for 2025 to 2027 (Application) for its Neighbourhood District Energy System at the University of British Columbia (UBC NDES). Corix proposes to increase its 2024 Basic Charge rate by 18 percent in 2025, followed by 15 percent in 2026, and 12 percent in 2027, effective January 1 of each year (Test Period).

Corix, the legal entity that operates the UBC NDES,[2] is a subsidiary of a privately held corporation, Corix District Energy Holdings GP Inc.[3] The UBC NDES is a district energy utility providing thermal energy services to Wesbrook Place, a residential development adjacent to the UBC campus.[4]

In this decision, the Panel sets out the key issues to be decided, provides an overview of the relevant evidence, considers positions of the parties involved in the proceeding, and provides the reasons for the Panel's determinations on Corix's requested rate change and other matters.

1.1 History, Application and Regulatory Review Process

In 2015, the BCUC granted a Certificate of Public Convenience and Necessity (CPCN) for the construction of UBC NDES to serve Phase 1 of Wesbrook Place, which anticipated the connection of 23 newly constructed buildings to the UBC NDES by the end of 2023.[5] In 2023, the BCUC approved an internal reorganization and restructuring of Corix Multi-Utility Services Inc. (CMUS) and its affiliates, whereby three BCUC-regulated Stream B Thermal Energy Systems (TES) were transitioned out of CMUS into three separate limited partnerships (Corix Restructuring and Business Combinations Transactions).[6] As part of the Corix Restructuring and Business Combinations Transactions, UBC NDES was approved to be transferred to Corix UBCDE Limited Partnership (i.e. Corix).[7] The Corix Restructuring and Business Combinations Transactions were completed as of April 1, 2024 (2024 Restructuring).[8]

In 2015, the BCUC approved a 20-year levelized two-part rate structure, consisting of a Basic Charge and a variable charge (Variable Charge) from 2015 to 2034 (2015 Rates Decision).[9] Under the levelized rate structure, a portion of the annual revenue requirement is deferred to a Revenue Deficiency Deferral Account (RDDA) in the

[2] Application for Approvals relating to Restructuring and Business Combination Transactions. The utility assets of UBC NDES were formerly owned by Corix Multi-Utility Services Inc. (CMUS) (Exhibit B-1, p. 10). By Order G-279-23, the BCUC approved the transitioning of Corix out of CMUS into a separate limited partnership (Exhibit B-1, p. 11).
[3] Corix District Energy Holding GP Inc. is indirectly owned by the British Columbia Investment Management Corporation (Exhibit B-1, Section 2.1, p. 10).
[4] Exhibit B-1, Section 1.1, p. 1; corix.com/systems/ubc-ndes/.
[5] Exhibit B-1, Sections 2.3-2.4, pp. 12–13; By Decision and Order C-11-14A; the BCUC by Order C-2-15 approved the issuance of a CPCN to CMUS for Phase 1 as set out in the Revised CPCN application and consistent with Order C-11-14A.
[6] Decision and Order G-279-23 dated October 18, 2023 (Restructuring and Business Combination Transactions Decision).
[7] Restructuring and Business Combination Transactions Decision, Directive 1.
[8] Exhibit B-11, BCUC IR 28.4.2; Order G-294-24.
[9] Corix Multi-Utility Services Inc. Final Rate Application for Phase 1 - Wesbrook of the Neighbourhood District Energy System (NDES) at the University of British Columbia, Exhibit B-1 (2015 Rate Application); Order G-84-15.

early stages of development for the UBC NDES.[10] Corix's Basic Charge rates in the early years are set lower than the forecast cost of service. The accumulated deficit is offset by higher forecast revenues in later years as the development completes its buildout. Under the approved rate structure, for each of the Basic Charge and Variable Charge, the initial rate was set for 2015 and then escalated by 2.9 percent annually each year to 2034.[11] There have been no amendments to the delivery revenue requirement or the Basic Charge rates for the UBC NDES for the past ten years.[12] This Application is the first delivery rate application for the UBC NDES since the 2015 Rates Decision.

In 2023, Corix proposed to flow-through energy cost variances to ratepayers by establishing an Energy Cost Reconciliation Account and replacing the Variable Charge with a variable energy charge (Variable Energy Charge), effective September 1, 2023. The Variable Energy Charge is updated each year, if required, based on a rate-setting mechanism approved by the BCUC through Order G-284-23. The Variable Energy Charge is outside of the scope of this Application.

Approvals Sought

Corix seeks approval of the following:[13]

1. The revenue requirements for the UBC NDES for each of 2025, 2026 and 2027;
2. An increase to the Basic Charge effective January 1 for each of 2025, 2026 and 2027, as outlined below:

	2025	**2026**	**2027**
Basic Charge ($/m^2 per month)[14]	0.6610	0.6802	0.6999
Proposed Basic Charge ($/m^2 per month)	0.7580	0.8717	0.9763

3. Rescission of the Basic Charge rates for the period from January 1, 2025 to January 1, 2034, inclusive, which were approved by Order G-84-15;
4. Rate Rider 1, to recover the balance in the Generic Cost of Capital (GCOC) Variance Deferral Account (GCOC VDA) over 24 months commencing January 1, 2026;
5. The transfer of any variance between the actual GCOC Variance Deferral Account balance to be collected through Rate Rider 1 and the actual amount recovered through Rate Rider 1 to the RDDA on January 1, 2028;
6. The establishment of the following deferral accounts:
   (i) A Regulatory Costs Variance Account (RCVA) to record forecast variances of actual external regulatory costs, with full amortization of any balance within the test period of the next Revenue Requirement and Rates Application (RRRA); and

[10] The deferred portion of the revenue requirement is captured annually in the RDDA with the expectation that the RDDA balance will be reduced to zero at the end of 20-years (Order G-84-15 with Reasons for Decision dated May 25, 2015, Appendix A, p. 5). Exhibit B-1, pp. 13–14.
[11] Exhibit B-1, p. 14.
[12] Ibid.
[13] Exhibit B-1, Section 1.3, pp. 2–3; Corix Final Argument, pp. 4–6.
[14] Approved by Order G-84-15 with Reasons for Decision dated May 25, 2015. The 2024 Basic Charge is $0.6424/m^2 per month (Exhibit B-1, Section 13.2, p. 112).

(ii) An Insurance Cost Variance Account (ICVA) to record forecast variances of actual insurance costs, with full amortization of any balance within the test period of the next RRRA;

7. A capitalized overhead methodology for the UBC NDES to record capitalized overhead;
8. Housekeeping and rate schedule amendments within the UBC NDES tariff; and
9. Acceptance and endorsement of the updated tariff for the UBC NDES based on approval of the proposed housekeeping amendments and the approval of the proposed rates.

Further, in accordance with BCUC's Rules of Practice and Procedure, Corix requests the BCUC maintain the confidentiality of certain documents as discussed in Section 8.3.

Regulatory Review Process

By Order G-10-25, the BCUC approved the Basic Charge rate of $0.7580/m^2 per month, on an interim and refundable/recoverable basis, effective January 1, 2025, and established a regulatory timetable to review the Application, which was subsequently amended by Order G-109-25. [15]

The regulatory timetable included public notice of the Application, intervener registration, letters of comment, two rounds of BCUC and intervener information requests (IRs), and final and reply arguments.[16]

Four interveners registered in the proceeding:[17]

- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (BCOAPO);
- Residential Consumer Intervener Association (RCIA);
- UBC Properties Trust; and
- The University of British Columbia (UBC).

The BCUC received 123 letters of comment, which are discussed in Section 5.0.[18]

Legislative Framework

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

- Section 59(1) states a public utility must not make, demand or receive an unjust, unreasonable, unduly discriminatory or unduly preferential rate for a service it provides in British Columbia;
- Section 59(4) provides that whether a rate is "unjust" or "unreasonable" is a question of fact, of which the BCUC is the sole judge; and

[15] Exhibit A-2, Order G-10-25.
[16] Exhibit A-2, Order G-10-25; Exhibit A-5, Order G-109-25.
[17] Exhibit C1-1, Exhibit C2-1, Exhibit C3-1 and Exhibit C4-1.
[18] Exhibit D-1 to Exhibit D-123.

- Section 60(1)(b.1) states that in setting a rate, the BCUC may use "any mechanism, formula or other method of setting the rate that it considers advisable, and may order that the rate derived from such a mechanism, formula or other method is to remain in effect for a specified period."[19]

1.2 Decision Framework

The decision is structured as follows:

Section 2.0 describes Corix's forecast revenue requirement and addresses the following issues:

1. Increased Operating and Maintenance (O&M) costs;
2. Increased corporate services and regional services costs;
3. Corix's categorization of controllable and non-controllable O&M costs;
4. Capital additions and forecast capital cost increases; and
5. Corix's proposed capitalized overhead methodology.

Sections 3.0 and 4.0 discuss matters related to Corix's RDDA and other deferral account requests.

Sections 5.0 and 6.0 address letters of comment and the timing of Corix's rate applications (current and future).

Section 7.0 discusses the overall determination on the Basic Charge rates.

Section 8.0 addresses all other matters, namely, UBC climate action policies and programs, the UBC franchise fee and Corix's confidentiality request.

2.0 Revenue Requirement

Corix identifies the key drivers of the increase in its revenue requirement for the Test Period as O&M costs, financing costs, and utility plant asset costs, as summarized in the table below.[20]

[19] Sections 59 to 61 of the UCA.
[20] Exhibit B-1, pp. 86-96. The revenue requirement for the UBC NDES is only in regard to delivery related costs, as the recovery of energy supply costs from UBC NDES customers is facilitated through the Variable Energy Charge. The Variable Energy Charge and the associated rate setting mechanism are outside the scope of this Application.

Table 1: UBC NDES Revenue Requirement[21]

	($)			
	Actual 2024	Forecast 2025	Forecast 2026	Forecast 2027
Operating and Maintenance Costs	691,454	1,481,657	1,523,688	1,599,595
Lease & Property Tax, Fees and Levies[22]	-	1	1	1
Other & Adjustments	(481,654)	-	-	-
Depreciation	389,015	446,115	430,881	434,072
Amortization	245,270	240,330	240,340	196,254
Deemed Interest	357,223	816,213	901,974	927,798
Return on Equity	627,081	1,243,252	1,373,882	1,413,217
Income Tax	-	-	-	-
Total Revenue Requirement	**1,828,389**	**4,227,569**	**4,470,766**	**4,570,937**

The Panel examines the key drivers of the increase in O&M in Sections 2.1 and 2.1.1; capital additions and capital cost increases in Section 2.2; and the proposed capitalized overhead methodology in Section 2.2.1.

As for financing costs, the increase is due to the BCUC's recent directions regarding Corix's cost of capital in a separate proceeding (i.e. the Generic Cost of Capital proceeding, discussed further in Section 4.2). That proceeding approved (i) an increase in Corix's deemed equity component and allowed return on equity (ROE) and (ii) a deemed interest rate methodology, which Corix has used to calculate its revised deemed interest rate for the Test Period.[23]

2.1 Operating and Maintenance Costs

As shown in Table 1 above, a significant portion of Corix's revenue requirement for the UBC NDES is O&M costs, which are the fixed costs required to operate and maintain the utility on an annual basis.[24] The following table provides a breakdown of the forecast O&M costs, which have a year-to-year increase of 23.7 percent in 2025, 2.8 percent in 2026, and 5.0 percent in 2027.

[21] The table includes actuals for 2024, rather than 2024 BCUC-approved figures, because the financial rate model from Corix's 2015 Rate Application was filed on a confidential basis. Table compiled from Exhibit B-7, Attachment No. 1, Amended Schedule 2.
[22] Exhibit B-7, Schedule 11, p. 19. Lease & Property Tax, Fees and Levies consist of Rural Property Tax, UBC Service Levy, UBC Franchise Fee, UBC License Fee, and UBC Land Lease Costs. Corix states that the current UBC License Fee is $1.00 per annum, plus applicable sales taxes.
[23] Exhibit B-1, Table 15, pp. 61-63; BCUC Generic Cost of Capital Stage 2, Decision and Order G-321-24 dated November 29, 2024 (GCOC Stage 2 Decision).
[24] Exhibit B-1, Section 6, p. 36.

Table 2: O&M Costs[25]

Cost Component	($)			
	2024 Actual	Forecast 2025	Forecast 2026	Forecast 2027
Operating Labour	167,323	270,503	278,618	286,976
Repair and Maintenance	16,262	49,352	50,332	51,339
Permits and Licenses	1,197	1,221	1,245	1,270
Chemicals/Water Treatment	-	1,261	1,286	1,312
Operating expenses	7,160	7,979	8,267	8,571
Insurance	126,577	78,321	87,412	93,766
Billing (Service Provider)	10,859	21,836	22,273	22,718
Office and Other Expenses	9,658	13,170	13,433	13,702
External Regulatory Costs	78,881	21,071	3,000	3,060
Corporate Services Costs	410,920	440,781	467,006	484,464
Regional Services Costs	369,176	576,164	590,816	632,418
Total O&M Costs	**1,198,013**	**1,481,657**	**1,523,688**	**1,599,595**

Corix submits that at the time of its last rate application in 2015, it had no historical data and relied on estimates as UBC NDES was an entirely greenfield utility under construction. However, with nearly a decade of operational experience, it has refined its forecasts based on actual costs. Corix identifies operating labour costs and corporate and regional services costs as key drivers of the increase in its forecast O&M costs over the Test Period.[26] Corporate and regional services costs, which together make up 68 to 70 percent of total O&M costs in each year of the Test Period, are discussed separately in Section 2.1.1.

As shown in Table 2 above, forecast operating labour costs increase by 61.7 percent in 2025, and escalate by 3.0 percent in each of 2026 and 2027. Corix explains that operating labour costs are largely driven by mandatory technical safety regulations enforced by Technical Safety BC (TSBC).[27] Corix submits that its operating labour costs increased following the interconnection of the east and west Distribution Piping System (DPS) loops, which necessitated an increase in the number of operators to comply with technical safety regulations.[28] However, in an effort to minimize labour costs, Corix has applied to TSBC for 'General Supervision' status of its plant,[29] which would allow it to reduce physical labour requirements by supplementing with remote monitoring.[30]

[25] Table compiled from Exhibit B-7, Attachment No. 1, Amended Schedule 11. "Corporate Services Costs" were derived by adding the values of lines 20 to 25 of Amended Schedule 11, "Regional Services Costs" were derived by adding the values of lines 13 to 19 of Amended Schedule 11, and "Net Adjustments for RDDA" were derived by adding lines 27 and 28 of Amended Schedule 11.
[26] Corix Final Argument, p. 9.
[27] Exhibit B-1, Section 6.2, p. 39.
[28] Corix Final Argument, p. 10; Exhibit B-1, p. 39.
[29] Corix Final Argument, p. 10.
[30] Corix's forecast operating labour costs for the Test Period assume that TSBC will grant General Supervision status, however if TSBC denies Corix's request, an additional $520,000 in annual operating labor costs would be required. Exhibit B-1, Section 6.2, p. 39; Exhibit B-3, BCUC IR 8.2; Corix Final Argument, p. 10.

Positions of the Parties

RCIA expresses concern with the Test Period increase in O&M costs, noting that the costs exceed both inflation and the modest system growth of the UBC NDES. [31] RCIA recommends any increase in O&M be capped at BC Consumer Price Index (CPI) equivalent escalation percentages over the Test Period. [32]

Other interveners did not comment on Corix's overall O&M costs. Intervener comments on corporate services and regional services costs are discussed in Section 2.1.1.

In reply, Corix submits that a CPI-based cap on O&M cost recovery would arbitrarily constrain its ability to recover its actual, prudently incurred costs, thereby undermining this fundamental regulatory principle. [33]

Panel Determination

Excluding corporate services and regional services costs, which we address in Section 2.1.1, **the Panel finds Corix's forecast O&M costs reasonable for the purpose of setting Basic Charge rates for 2025 to 2027.**

The Panel notes that a main driver of the O&M increase is operating labour costs, which are largely driven by mandatory safety requirements requiring more operators as the UBC NDES grows. The Panel acknowledges Corix's efforts to reduce labour costs by applying for approval to replace some on-site labour with remote monitoring, which, if approved, will benefit ratepayers.

We acknowledge RCIA's concern that the increase in some O&M categories far exceeds inflation in 2025, but we disagree that the increases, exclusive of corporate services and regional services costs, are unjustified. In the Panel's view, the increases in O&M categories are supported by Corix's actual experience of operating the UBC NDES and reflect the costs for the utility to provide safe, reliable service.

2.1.1 Corporate Services and Regional Services Costs

In 2015 the BCUC approved, subject to certain modifications, Corix's revenue requirement from 2015 to 2034, which included corporate services and regional services costs escalated at 2 percent annually. [34] Corix explains that in 2015, it was part of a larger company with other utility and non-utility businesses. However, the approved amounts no longer reflect its actual costs, and the shareholder has borne the cost overruns until the forecast could be updated as part of a rate application (i.e. this Application). [35]

Corix's corporate services and regional services costs are components of O&M costs, as shown in Table 3 below. Corix explains that corporate services are shared costs incurred at the corporate level in order to provide a variety of necessary services to all affiliates, including the UBC NDES. Corporate services include the associated costs for: people and culture; Information technology (IT), operational technology and cybersecurity; communications; legal technical safety and compliance; corporate finance and accounting; and executive

[31] RCIA Final Argument, p. 5.
[32] Ibid., pp. 8-9.
[33] Corix Reply Argument, p. 30.
[34] Order G-84-15 with Reasons for Decision dated May 25, 2015, Directive 4.
[35] Exhibit B-1, Section 6.0, p. 36.

management (Corporate Services Costs).[36] Similarly, regional services are shared costs incurred at a regional level to provide necessary services to relevant affiliates, including the UBC NDES. Regional services include the associated costs for: regulatory affairs; health, safety and environment; financial planning and analysis and accounting; business operations; billing and customer care; and operations leadership and strategy (Regional Services Costs; collectively, Corporate Services Costs and Regional Services Costs are referred to as Corporate and Regional Services Costs).[37] Corix clarifies that these shared services are intended to provide efficiencies and expertise that individual businesses could not achieve on a stand-alone basis. Corix uses a centralized support service organization for this purpose, which helps to improve governance, compliance, and continuity of service, while also leveraging economies of scale.[38]

Corix allocates Corporate Services Costs using a cost allocation methodology (CAM) that the BCUC approved by Order G-349-20. The BCUC noted in Order G-349-20, however, that the recovery of Regional Services Costs was "subject to BCUC approval in future revenue requirements applications."[39] Corix is now seeking approval for these allocated Regional Services Costs and states that it follows similar allocation principles as for Corporate Services Costs.[40]

As shown in Table 3 below, the forecast Corporate and Regional Services Costs are $1,016,945, $1,057,822 and $1,116,882 for 2025, 2026 and 2027.[41] The 2025 forecast is an increase of $236,850 (or 30.4 percent) over 2024 actual costs, and an increase of $840,191 (or 475.3 percent) over the costs approved for 2024 when the revenue requirement and Basic Charge rates for the UBC NDES were last approved by the BCUC in 2015.[42] Table 3 below provides the 2022 to 2024 historical and 2025 to 2027 forecast Corporate and Regional Services Costs:

Table 3: Historical and Forecast Corporate and Regional Services Costs[43]

Cost Component	($)								
	Approved 2022	Actual 2022	Approved 2023	Actual 2023	Approved 2024	Actual 2024	Forecast 2025	Forecast 2026	Forecast 2027
Corporate Services Costs	78,911	270,877	80,489	364,004	82,100	410,920	440,781	467,005	484,464
Regional Services Costs	90,979	181,310	92,799	453,127	94,655	369,176	576,165	590,817	632,418
Total Corporate and Regional Services Costs	**169,891**	**452,188**	**173,288**	**817,130**	**176,754**	**780,096**	**1,016,945**	**1,057,822**	**1,116,882**

[36] Exhibit B-1, Section 6.3.1, p. 44.
[37] Ibid., Section 6.3.2, p. 45.
[38] Ibid., Appendix J, Section 5, p. 8, Appendix K, Section 5, p. 8
[39] Decision accompanying Order G-349-20, pp. 13–14.
[40] Exhibit B-3, BCUC IR 11.1.
[41] Table compiled based on Exhibit B-7, Attachment No. 1, Amended Schedule 11. "Corporate Services Costs" were derived by adding the values of lines 20 to 25 of Amended Schedule 11, "Regional Services Costs" were derived by adding the values of lines 13 to 19 of Amended Schedule 11.
[42] Percent and dollar difference calculated by BCUC.
[43] Exhibit B-3, BCUC IR 10.3.

Corix attributes the increase in forecast Corporate and Regional Services Costs to several factors, including:

- 2024 Restructuring: The Corix Restructuring and Business Combinations Transactions completed on April 1, 2024 and resulted in a new, standalone district energy company with its own Corporate Services Costs.[44] Corix notes that its actual total Corporate Services Costs decreased in 2024 compared to 2023, but UBC NDES was allocated a materially larger portion of these costs because fewer utilities were included in the allocation pool.[45] Corix submits that Corporate and Regional Services Costs prior to April 1, 2024 should not be used to inform any determination regarding the current Corix parent company, as it is different from the former. Corix's 2024 forecast for Corporate and Regional Services Costs was developed from the ground up, and represents only a partial year, making the 2025 calendar year the first full year for the new utility. Corix notes setting up the new utility required implementation of several new systems and processes, including: (i) a new human resources and payroll software system; (ii) a managed services provider contract for IT services; (iii) a new expense management software system; and (iv) a new finance and accounting Enterprise Resource Planning system.[46]

- Full Cost Recovery: Corix notes that prior to the 2024 Restructuring, UBC NDES was not recovering its total corporate or regional costs. Corix submits that even if the restructuring had not occurred, increases in rates would have been required for Corix to recover its Corporate and Regional Services Costs.[47]

- New Services, Positions and Departments: The forecast includes costs for services and departments that did not exist or were not adequately allocated in previous filings, such as a team of regulatory specialists, accountants, financial analysts, billing specialist, management positions, position for health, safety and environment, as well as senior leadership of the operations team that were not housed or did not exist in Corix's district energy businesses at the time of Corix's rate application in 2015 (2015 Rate Application).[48]

- Executive Compensation: The increase in Executive Management costs reflects a revised compensation structure for executives and is primarily driven by the implementation of an executive incentive program that has a multiple-year-ramp-up structure.[49]

Corix explains that salaries constitute 69.8 percent of total Corporate and Regional Services Costs and that it employs several measures to control Corporate and Regional Services Costs, including: [50]

- A centralized services approach where departments such as IT, People and Culture, Treasury, and Legal are shared among entities;
- Engaging in competitive bidding processes for projects and contracts to ensure the best value for expenditures; and
- Stringent budgeting practices and monthly monitoring of expenditures against budgeted amounts.

[44] Exhibit B-11, BCUC IRs 28.4.2, 29.4.1 and 29.5; Order G-294-24.
[45] Exhibit B-11, BCUC IR 28.2.
[46] Ibid., BCUC IRs 29.2 and 29.5.
[47] Exhibit B-4, UBC IR 3.1.
[48] Exhibit B-3, BCUC IR 10.2; Exhibit B-11, BCUC IR 30.2.
[49] Ibid.
[50] Exhibit B-3, BCUC IR 10.7.

Corix maintains that its forecast Corporate and Regional Services Costs are allocated based on a BCUC-approved methodology; represent real, incurred costs that are essential to the operation of the UBC NDES and other affiliated regulated utilities; and are integral to its efficient operation. Corix notes that the application of the CAM approved by Order G-349-20 remains appropriate, adding the CAM is designed to allocate shared costs in a manner that is objective, transparent and reflective of the size, scope and complexity of each utility. It adds that the methodology has not changed since its approval in 2020 and is scalable and adaptable.[51]

Positions of the Parties

UBC submits that Corix's proposed increase in Corporate and Regional Services Costs over the Test Period, largely attributed to the 2024 Restructuring, appears to contradict prior commitments and BCUC expectations for cost neutrality or even reductions for ratepayers.[52] In reply, Corix notes that UBC relies on a selective reading of past decisions and Corix's own responses adding that the increase is an outcome of the 2024 Restructuring and consistent with the information previously presented.[53] Corix adds that the BCUC was fully aware of potential increases in corporate cost allocations since the BCUC previously acknowledged that although the ultimate rate impacts of the CAM were unknown for each of the CMUS affiliated regulated utilities, the estimated cost allocations of the revenue requirements were known.[54]

RCIA expresses concern over the increase in certain components of Corporate and Regional Services (e.g., Regulatory Affairs, Financial Planning and Analysis and Accounting, Business Operations, Billing and Customer Care, Communications, and Legal, Technical Safety & Compliance) between 2024 and 2025 given only one new customer connection in that period.[55] RCIA notes Corix previously assured the BCUC that the restructuring would not adversely impact ratepayers, and suggests that the 2025 forecast contradicts this commitment, shifting corporate structuring costs onto UBC NDES ratepayers despite negligible growth in customer base or any clear service improvement.[56] RCIA contends that Corix has not justified the cost increases nor demonstrated any efficiency gains, effectively burdening ratepayers with expenditures that are not commensurate with any substantive changes to services.[57] Therefore, RCIA recommends Corix cap its shared costs equal to the annual cost increases of the BC CPI.[58]

In reply to RCIA, Corix notes capping the annual cost increases would violate the "prudence requirement," a foundational principle of utility regulation that allows for the recovery of prudently incurred costs.[59] Corix adds that it was transparent during the restructuring proceeding about the potential changes in overhead cost allocations due to a smaller business unit pool.[60]

[51] Corix Final Argument, pp. 18–19.
[52] UBC Final Argument, pp. 2–3.
[53] Corix Reply Argument, pp. 4–8.
[54] Ibid., p. 4.
[55] RCIA Final Argument, pp. 6 and 9.
[56] Ibid., p. 7.
[57] Ibid., p. 8.
[58] Ibid., p. 9.
[59] Corix Reply Argument, pp. 26–27.
[60] Ibid., pp. 33–34.

BCOAPO submits that the proposed 2025 to 2027 Shared Corporate and Regional Services Costs result from four factors: (i) Corix's 2024 foundational system implementation, (ii) forecast changes to business arrangements and costs, (iii) revised allocator proportions for the new corporate structure, and (iv) the revised Corporate and Regional Services Costs by affiliate using BCUC-approved allocators.[61] BCOAPO notes most of the information on these factors was provided in confidence and recommends a separate regulatory proceeding with participation and submissions from interveners to review the Shared Corporate and Regional Services Costs to re-establish the appropriate levels for rate-setting purposes, post-2024 restructuring. BCOAPO notes that this recommendation "should not hamper the Panel's ability to render a decision in this process" as future adjustments can be included in the RDDA.[62] In reply, Corix argues against BCOAPO's recommendation of a separate regulatory proceeding, stating that the current proceeding is the appropriate forum.[63]

Panel Determination

The Panel finds Corix's proposed forecast Corporate and Regional Services Costs unreasonable for the purpose of setting Basic Charge rates for 2025 to 2027. We are concerned about the significant proposed increase to these costs post-restructuring. Although the Panel considers that Corporate and Regional Services Costs should be updated because the forecast was last approved when Basic Charge rates were set in 2015, we are not convinced that the forecast for the Test Period is reasonable for setting 2025 to 2027 Basic Charge rates.

In the Restructuring and Business Combination Transactions Decision, the BCUC contemplated that there may be incremental costs that the Transferred TES may seek to recover in future revenue requirements. However, the BCUC accepted the Proposed Transactions on the basis that they "… are not expected to impact service levels, operations, rates or have detrimental effects on the ratepayers of the Multi-Utility Systems or the Transferred TES."[64] Thus, the Panel rejects Corix's suggestion that the BCUC ought to have known the specific and material upward pressure that would result from the approved CAM. The forecast Corporate and Regional Services Costs in the Test Period, which is less than two years after the April 1, 2024 restructuring completion, clearly shows unfavourable rate impact via increased costs. While we accept Corix's use of the approved CAM to allocate both Corporate and Regional Services Costs for rate setting for this Application, we consider the forecast figures are unreasonably high and inconsistent with the BCUC's expectations in the Restructuring and Business Combination Transactions Decision. The Panel views that Corix should find ways to be more efficient and reduce shared overhead costs.

The Panel recognizes that operating costs will increase over time, and considers the challenge of the upward pressure to be two-fold. One is the impact of the 2024 Restructuring, which we have discussed above. The other is determining a reasonable forecast of Corporate and Regional Services Costs for Corix to provide utility services. The Panel considers that Corix has the capacity to exercise restraint within controllable Corporate Services and Regional Services Costs to alleviate the financial burden on ratepayers without affecting the safety and reliability of service. We consider that items such as new systems and processes, new positions and executives, and other services and departments are within Corix's control pre- and post-restructuring. The Panel expects the utility to find more cost control measures given the development build-out uncertainties.

[61] BCOAPO Final Argument, pp. 22–23.
[62] Ibid., p. 23.
[63] Corix Reply Argument, p. 22.
[64] Restructuring and Business Combination Transactions Decision, p. 16.

Therefore, the Panel finds a reduction to the revenue requirement is warranted. Although the Panel disagrees with RCIA's blanket cap on all O&M costs as discussed in the previous section, we consider that using 2024 actual costs escalated by an inflationary factor is a reasonable way to forecast Corporate and Regional Services Costs for the Test Period. In particular, we find that escalating the 2024 actual costs by inflation reflects the BCUC's expectations of the 2024 Restructuring and still recognizes gradual cost increases over time to provide utility service.

Given Corix's statement that salaries constitute 69.8 percent of the total Corporate and Regional Services Costs annually, the Panel finds the inflation factor of 3 percent that Corix uses for labour costs reasonable as an escalation factor for Corporate and Regional Services Costs. **Therefore, the Panel approves the following Corporate and Regional Services Costs for the Test Period: $803,499 for 2025, $827,604 for 2026 and $852,432 for 2027.[65] Corix is directed to file a compliance filing by November 28, 2025 that includes:**

1. **Supporting calculations and revised financial schedules reflecting the approved Corporate and Regional Services Costs for each of 2025, 2026 and 2027; and**
2. **The reduced Basic Charge rate for each of 2025, 2026 and 2027 as adjusted for the approved Corporate and Regional Services Costs, and in accordance with Sections 3.2 and 7.0 of this decision.**

Corix is reminded that Corporate and Regional Services Costs do not have variance treatment and therefore it must not record any variance between forecast and actual costs in the RDDA.

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

2.1.2 Controllable and Non-Controllable O&M Costs

Corix distinguishes between controllable and non-controllable O&M costs based on its ability to influence those expenses. This distinction is relevant because the BCUC in its 2015 Rates Decision approved Corix to record variances in non-controllable costs in the RDDA.[66] In this section, because the UBC NDES is now ten years into development and Corix itself acknowledges it has nearly a decade of operational experience, the Panel revisits the classification of O&M costs as controllable or non-controllable. In the 2015 Rate Application, Corix provided the following categorization of controllable and non-controllable costs, which it maintains in this Application:

[65] Calculation: 2024: $780,096; 2025: $780,096 x 1.03 = $803,499; 2026: $780,096 x 1.03^2 = $827,604; 2027: $780,096 x 1.03^3 = $852,432.
[66] Exhibit B-1, Section 6.4, pp. 46–47; Exhibit B-3, BCUC IR 19.7.

- Controllable costs: Those costs that Corix can minimize with reasonable care and operational practice, such as internal labour, administrative charges and foreseen maintenance. These costs are recorded at test year approved amounts for RDDA calculations. Corix's shareholder is responsible for any variances between the approved and actual amounts.[67]
- Non-controllable costs: Those costs that Corix is "unable to influence or minimize," such as fuel, taxes, levies, and fees. These are recorded as actual amounts for RDDA calculations.[68]

Corix is not proposing any changes to the classification of controllable and non-controllable costs.[69] It provides the following summary of the controllable and non-controllable O&M costs, and compares this categorization to that approved in the 2015 Rates Decision by Order G-84-15:[70]

Table 4: Categorization of Controllable and Non-Controllable O&M Costs[71]

Cost Type	Categorization approved in Order G-84-15	2025-2027 RRRA Categorization
Controllable[72]	▪ Operating Labour ▪ Foreseen Repair and Maintenance ▪ Operation Administrative (Regional) ▪ Head Office Administrative (Corporate)	▪ Operating Labour ▪ Foreseen Repair and Maintenance ▪ Regional Services ▪ Corporate Services
Non-controllable[73]	▪ Unable to influence and minimize costs ▪ Unforeseen Repair and Maintenance ▪ Operating Expenses ▪ Licensing (Permits) ▪ Billing Service Provider ▪ Office and Admin Expenses ▪ Property & Other Fees ▪ External Regulatory Costs ▪ Insurance	▪ Unable to influence and minimize costs ▪ Unforeseen Repair and Maintenance ▪ Operating Expenses ▪ Licensing (Permits) ▪ Billing Service Provider ▪ Office and Admin Expenses ▪ Property & Other Fees
Non-controllable[74] (RDDA Carve-out)		▪ External Regulatory Costs (RDDA Carve-out) ▪ Insurance (RDDA Carve-out)

Corix notes that operating labour, previously a controllable cost, is now partially non-controllable due to its dependence on TSBC requirements.[75] Corix classifies a range of operating and office and administrative

[67] Exhibit B-1, Section 2.5.3, pp. 14-15, Section 6.4, p. 46.
[68] Ibid., Section 2.5.3, p. 15, Section 6.4, p. 46.
[69] Exhibit B-1, Section 6.4, pp. 46–47; Exhibit B-3, BCUC IR 19.7.
[70] Exhibit B-1, Section 6.4, p. 46.
[71] Ibid., Section 6.4, p. 46.
[72] Corix states controllable costs are recorded as test years approved amounts when calculating the annual shortfall for the RDDA. (Exhibit B-1, Section 6.4, p. 46).
[73] Corix states that pursuant to G-84-15, non-controllable costs are recorded as actual amounts when calculating the annual shortfall for the RDDA. (Exhibit B-1, Section 6.4, p. 46).
[74] Corix states external regulatory costs and insurance costs continue to be categorized as non-controllable costs. However, they are recorded at test years approved amounts when calculating the annual shortfall for the RDDA and any variance from actuals would be included in the proposed RCVA and ICVA. (Exhibit B-1, Section 6.4, p. 46).
[75] Exhibit B-1, Section 6.4, p. 47.

expenses as non-controllable, including computing licensing/software, consulting, office and computer supplies, vehicle employee mileage claims, bank charges, late fees, uncollectable accounts, landscaping, safety supplies, transportation costs and vehicle insurance.[76] The proposed carve-out from the RDDA of external regulatory and insurance costs is addressed in Section 4.1.

Positions of the Parties

Interveners did not comment on this matter.

Panel Determination

The Panel notes that some of the costs that Corix treats as non-controllable by their nature may be considered controllable, for example, computing licencing/software, consulting, office and computer supplies, landscaping, transportation, and billing (service provider). The UBC NDES is now ten years into development; Corix itself notes that a decade of operational experience has enabled it to refine its forecasts based on actual costs. The Panel considers that the next RRRA is the appropriate opportunity to revisit which O&M costs should continue to be classified as non-controllable and receive variance treatment. Accordingly, **the Panel directs Corix to include, in its next revenue requirement and rates application, an evaluation of what categories of O&M costs continue to be non-controllable, with supporting justification.**

2.2 Capital Additions and Forecast Capital Cost Increases

Corix forecasts capital additions of $1.53 million for the UBC NDES for the Test Period, as shown in Table 5 below. The forecast amount is primarily for the Energy Transfer Station (ETS) and DPS necessary to connect one building in 2025, as well as Renewal and Replacement (R&R) capital expenditures.

Table 5: UBC NDES Capital Additions[77]

Description	($)			
	Forecast 2025	Forecast 2026	Forecast 2027	Total
ETS	462,928	-	-	462,928
DPS	431,831	-	-	431,831
Renewal & Replacement	400,000	-	141,694	541,694
Other (Studies & Reports)	30,720	31,334	31,961	94,015
Total	**1,325,479**	**31,334**	**173,655**	**1,530,468**

Corix states that R&R capital expenditures include the costs to: (i) upgrade the programmable logic controller of the ETS; (ii) replace a boiler coil and expansion tank at Temporary Energy Center East (TEC-East); and (iii) upgrade the energy meters and security cameras at both the TEC-East and Temporary Energy Center-West (TEC-West). Corix states these R&R expenditures are required to maintain the reliability of the equipment.[78]

[76] Exhibit B-3, BCUC IRs 9.2 and 19.3.
[77] Table compiled by BCUC Staff based on Exhibit B-7, Amended Schedule 5, pp. 9–10 and Exhibit B-3, BCUC IRs 13.4 and 15.1.
[78] Exhibit B-3, BCUC IR 15.2.

Corix forecasts a total capital cost of $25.9 million at full build out, which represents a nearly 93 percent increase compared to the 2015 CPCN budget of $13.4 million.[79] Corix attributes the increase in capital costs to build-out schedule delays and unforeseen factors such as steel market volatility, rising inflation and interest rates, and major global and geopolitical events.[80] Corix submits that these factors have led to significant fluctuations in material and labour costs, especially for steel and mechanical components used in ETS and DPS installations.[81] To illustrate this volatility, Corix estimates the weighted-average price from 2015 to 2024 for steel per connected building ($/ton of steel) is 38 percent higher than the cost of steel in 2015.[82]

Positions of the Parties

Interveners did not comment on this matter.

Panel Discussion

The Panel is satisfied that the forecast capital additions for 2025 to 2027 are reasonable, the majority of which are costs to connect one building during the three-year Test Period. We accept the support and justification Corix has provided for the increased costs. The Panel considers that these cost increases are not unexpected considering the build-out delay, rising inflation, and recent global events compared to 2015 when the initial cost forecast for the UBC NDES project was approved.

2.2.1 New Capitalized Overhead Methodology

Corix explains that UBC NDES does not have an approved methodology for capitalizing overhead costs, which is common practice in the capital-intensive utility industry. To address this, Corix proposes to adopt the same methodology that the BCUC recently accepted for Corix Burnaby Mountain DE Limited Partnership's Burnaby Mountain District Energy Utility, stating that this approach is directly applicable for UBC NDES.[83]

The proposed methodology uses a direct causal allocation linking capitalized overhead to the actual direct labour hours of the Project Management Office.[84] This approach ensures that capitalized overhead costs directly correspond to project work, so if a project is delayed or reduced, the associated overhead is delayed or reduced.[85]

For the Test Period, Corix forecasts capitalized overhead at $18,406 in 2025, $306 in 2026, and $1,040 in 2027 which results in a ratio of capitalized overhead to total capital additions of 1.4, 1.0 and 0.6 percent, respectively. Corix explains the resulting ratios are stable and reasonable, demonstrating the methodology's effectiveness in both high and low capital addition years.[86]

[79] Exhibit B-1, Section 8.3, p. 52, Section 11.1.1.1, p. 90; Exhibit B-3, BCUC IR 14.1.1.
[80] Exhibit B-1, Section 11.1.1, pp. 86–87, 90.
[81] Corix's Final Argument, p. 15.
[82] Exhibit B-1, Section 11.1.1, p. 87; Corix's Final Argument, p. 7.
[83] Exhibit B-1, Section 8.10, p. 56; Corix Burnaby Mountain DE Limited Partnership's Burnaby Mountain District Energy Utility (BMDEU) Revenue Requirements and Rates (BMDEU 2024-2025 RRR) Decision and Order G-348-24, p. 14.
[84] Exhibit B-1, Section 8.10, pp. 56–57.
[85] Ibid.; Exhibit B-3, BCUC IR 17.1.
[86] Exhibit B-3, BCUC IR 17.1.

Positions of the Parties

Interveners did not comment on this matter.

Panel Determination

The Panel accepts the proposed capitalized overhead methodology for the UBC NDES, which employs a direct causal approach of allocating overhead based on a set percentage of the actual direct labour hours of the Project Management Office. This approach is appropriate for the UBC NDES as it is more cost-effective than directly assigning costs to each project. In addition, the Panel expects this approach will better align capitalized overhead with specific projects, and as such, capitalized overhead costs will track the progress of building connections. Further, we note that the approval of Corix's proposed capitalized overhead methodology is consistent with the BCUC's decision for the Burnaby Mountain District Energy Utility (BMDEU).

3.0 Revenue Deficiency Deferral Account

As previously noted, Corix's approved 20-year levelized rate structure allowed for a portion of the annual revenue requirement to be deferred in the early stages of the NDES development.[87] The RDDA would capture the deferred portion of the revenue requirement, with the expectation that the RDDA balance would be reduced to zero at the end of 20-years (i.e. by 2034).[88] In the Application, however, Corix explains that recovery of the RDDA by 2034 is no longer feasible, and proposes to extend the recovery of the RDDA to 2039.[89] In this section, the Panel reviews Corix's proposals and assesses the ongoing function of the RDDA.

3.1 Build-Out Schedule Delays

Corix explains that build-out delays have led to significantly lower than anticipated revenues, since the corresponding connected floor area drives the revenue forecast and the calculation of the Basic Charge. Corix states that the lower customer revenues have consequently contributed to the growth of the RDDA balance and upward pressure on rates.[90] In 2015, when the BCUC granted a CPCN for the construction of UBC NDES to serve Phase 1 of Wesbrook Place, Corix anticipated the connection of 23 buildings to the UBC NDES by the end of 2023.[91] However, due to the developer's build-out delays, Corix states that it has only connected 15 buildings to date, representing 71 percent of the planned connections and 65 percent of the forecast floor area to project completion.[92] Full build-out of Phase 1 of Wesbrook Place is now not expected to be completed until the end of 2032.[93] Corix considers the timing of full build-out of the UBC NDES to be subject to a moderate to high level of uncertainty.[94]

[87] Order G-84-15 with Reasons for Decision dated May 25, 2015, Appendix A, p. 5; Exhibit B-1, Section 2.5.4, p. 16.
[88] Ibid.
[89] Exhibit B-1, Executive Summary, p. 1.
[90] Exhibit B-1, Section 4.1, p. 30, Section 11.2, pp. 96-97; Corix's Final Argument, p. 8.
[91] Exhibit B-1, Sections 2.3 and 2.4, pp. 12–13; By Decision and Order C-11-14A, the BCUC approved the scope for Phase 1, subject to certain compliance filings, however denied a CPCN. Order C-2-15 approved the issuance of a CPCN to CMUS for Phase 1 as set out in the Revised CPCN application.
[92] Corix Final Argument, p. 10.
[93] Exhibit B-3, BCUC IR 3.6.1.1; Exhibit B-7, p.1.
[94] Exhibit B-1, Section 4.1, p. 30.

Corix notes that its agreement with the developer regarding Phase 1 of Wesbrook Place, the Amended and Restated Infrastructure Agreement (Infrastructure Agreement), specifies UBC Properties Trust's role in amending the development forecast and any of the neighbourhood plans from time to time at the developer's sole discretion, with no liability for any plan amendments.[95] As such, Corix explains that it is not contractually entitled to receive any timing guarantees from UBC Properties Trust on the build-out schedule and Corix, as a utility provider and not a property developer, has no control over the pace of build-out of the UBC NDES.[96] To minimize the impact of development delays, Corix notes that it uses a just-in-time construction approach, which includes delaying the deployment of capital investments if a building is delayed.[97]

According to the latest build-out schedule from UBC Properties Trust, Corix anticipates the connection of one building during the Test Period, adding 18,443 m^2 of connected floor area at the end of 2025, and for the remaining five buildings to connect between 2028 and 2032.[98]

Positions of the Parties

Interveners did not comment on this matter.

Panel Discussion

The Panel accepts that, as a utility, Corix has limited influence over the timelines established for the build-out of the development. The Infrastructure Agreement gives UBC Properties Trust the sole discretion to amend the build-out forecast. While Corix is a utility service provider, the delay experienced in the development schedule has adversely impacted demand forecast, resulting in unfavourable impacts for the Wesbrook Place ratepayers at UBC due to the extension of the time over which the RDDA balance is recovered and the incremental increase in the peak balance of the RDDA.

Although Corix has no influence over the build-out forecast for Phase 1 of Wesbrook Place, any delay inevitably has implications for the RDDA balance and rates, which are Corix's responsibility. In the present case, the implications for Corix and its ratepayers are significant, in the form of much lower than anticipated revenues and the commensurate growth of the RDDA. In the future, the Panel expects Corix to be proactive at the commencement of its projects by considering contingency plans to mitigate potential development delays.

3.2 RDDA Recovery Period

As noted in the previous section, delays in the UBC NDES Phase 1 build-out schedule have impacted the project, leading to an escalation of the RDDA balance.[99] The 2015 Rates Decision approved a forecast such that the RDDA balance would reach $3.8 million by 2024. However, the revised 2024 year-end forecast balance set out in the Application is $6.4 million, an increase of $2.6 million over the original forecast.[100] Corix forecasts that, even

[95] Exhibit B-3, BCUC IRs 3.1 and 3.1.1.
[96] Ibid., BCUC IR 3.1.1.
[97] Ibid.
[98] Exhibit B-3, BCUC IRs 3.6.1 and 3.6.1.1; Exhibit B-4, UBC IR 2.4; Corix Final Argument, p. 7.
[99] 2015 Rates Decision, p. 6.
[100] Exhibit B-1, Section 10.3.1.2, p. 76.

with the rate increases proposed in this Application, the RDDA balance will peak in 2029, at $11.48 million.[101] Corix states that the proposed rate increases are warranted to manage the RDDA at a level that will facilitate reasonable recovery of the outstanding balance.[102]

Corix states that the primary driver of the RDDA escalation is the Basic Charge revenue deficiency, which resulted in approximately $4 million more revenue deficiency than expected from 2015 to 2024, directly stemming from the delayed build-out. Other factors contributing to the RDDA's growth include financing and depreciation impacts, as well as specific accounting adjustments.[103]

Corix states that full recovery of the RDDA by 2034, as approved by Order G-84-15, is no longer reasonably attainable under current approved rates, citing the "high bill-impact and delayed build-out."[104] Given these challenges, Corix evaluated various scenarios for RDDA recovery, considering different recovery years and corresponding rate increases. Corix adds that its analysis underscores the trade-offs between accelerating RDDA recovery to reduce financing costs, extending recovery periods to alleviate steep rate increases for customers, and minimizing both the RDDA balance and its percentage of the rate base as a measure of risk.[105]

Table 6: Comparison of RDDA Recovery Scenarios[106]

Feature	Scenario 1	Scenario 2	Scenario 3 (Corix Preferred)	Scenario 4
RDDA Recovery Year	2034 (No Extension)	2037 (3-Year Extension)	2039 (5-Year Extension)	2041 (7-Year Extension)
Peak RDDA Balance ($)	9.81 million	10.07 million	11.48 million	13.38 million
Cumulative Financing Costs to RDDA Recovery ($)	2.57 million	3.40 million	4.42 million	5.98 million
RDDA as a % of Rate Base	55%	55%	60%	67%
Test Period Rate Increases (%) (2025/2026/2027)	30% / 15% / 12%	30% / 15% / 12%	18% / 15% / 12%	17% / 12% / 9%
Long-Term Annual Rate Increases (Indicative)	7.5% (2028–2034)	4.2% (2028–2037)	10.0% (2028) 9.0% (2029) 3.4% (2030–2039)	8% (2028) 7% (2029) 4.5% (2030-2041)

Corix concludes that extending the recovery period by five years to 2039 is the most appropriate option (Scenario 3)[107] because it "strikes an optimal balance between minimizing immediate rate increases, controlling longer-term financing costs, and maintaining RDDA stability."[108] Corix adds Scenario 3 avoids the steep upfront rate hikes of Scenarios 1 and 2, and mitigates the escalating financing costs in Scenario 4, while keeping the RDDA as a percentage of rate base at manageable levels.

[101] Exhibit B-3, BCUC IRs 18.4 and 18.5.
[102] Exhibit B-1, Section 10.3.1, p. 73.
[103] Ibid., Section 10.3.1.2, pp. 76–77.
[104] Ibid., Section 10.3.2, p. 77; Section 12.3, p. 101.
[105] Ibid., Section 10.3.2, p. 77; Section 12.3, p. 101; Section 12.3.1, p. 104.
[106] Exhibit B-3, BCUC IR 18.5.
[107] Exhibit B-1, Section 10.3.2, p. 77; Section 12.3.1, p. 104.
[108] Ibid., Section 12.3.1, p. 104.

Corix acknowledges the issue of intergenerational equity that results from extending the recovery period. In this case, however, Corix submits that any intergenerational equity issue is immaterial because an extension of the RDDA recovery period from 2034 to 2039 would involve largely the same customers paying for the RDDA.[109] Corix acknowledges that the current lower rates reflect a forecast of customers that did not materialize, and the development delays have impacted current customers and the rates they pay. Corix submits that rate setting should be balanced for both current and future customers, where current customers pay their fair share and future customers benefit from past investments but also bear some prior costs.[110]

Positions of the Parties

RCIA supports Corix's proposal to extend the RDDA recovery period to 2039. RCIA states that this extension mitigates bill impacts and helps partially address intergenerational unfairness that would otherwise be exacerbated by the original pace of cost deferral recovery.[111]

BCOAPO also supports Corix's proposal to extend the RDDA recovery period by at least 5 years to 2039. Furthermore, BCOAPO recommends that this RDDA recovery target date be reviewed at each RRRA with the possibility of adjustment if Corix's financial circumstances change or if the end date for the full build-out of Phase 1 changes again.[112]

Panel Determination

The Panel approves the extension of the Revenue Deficiency Deferral Account recovery period by five years from 2034 to 2039. The Panel recognizes that the delayed build-out and lower customer revenues would mean a higher bill impact for ratepayers if Corix were to continue to try to recover the RDDA by 2034. We are persuaded that recovering the RDDA by 2034 is no longer reasonably attainable.

The Panel notes that Corix evaluated several possible recovery periods. We accept that Corix's preferred Scenario 3, which extends the RDDA recovery period by five years from 2034 to 2039, strikes an optimal balance between minimizing immediate rate increases, controlling longer-term financing costs, and maintaining RDDA stability.

In Section 2.1.1, the Panel directed Corix to file a compliance filing by November 28, 2025 that includes adjustments for the approved amount in Corporate and Regional Services Costs. **Corix is required to make those adjustments holding all else equal using Scenario 3. In other words, the approved Corporate and Regional Services Costs will reduce the Basic Charge rate for each of 2025, 2026, and 2027, while keeping all indicative rates the same from 2028 to 2039 as specified in Scenario 3.**

[109] Exhibit B-3, BCUC IR 18.1.
[110] Exhibit B-6, BCOAPO IR 3.6.
[111] RCIA Final Argument, p. 9.
[112] BCOAPO Final Argument, p. 20.

3.3 Including the RDDA in Rate Base

In 2014, the BCUC approved[113] Corix to include the RDDA in rate base, allowing Corix to earn a return based on its approved after-tax weighted average cost of capital (WACC).[114] The BCUC also directed[115] Corix to provide additional reporting of the RDDA, including annual additions, carrying costs and opening and closing balances. As a result, to facilitate the separate calculation of carrying costs, Corix has presented the RDDA as a non-rate base deferral account in its annual reports.[116]

Corix states that, beginning in 2025, it will include the RDDA and carrying costs in rate-base, consistent with the BCUC-approved treatment. Corix clarifies that including the RDDA in rate base is a correction in presentation and does not impact the underlying RDDA balance or its regulatory treatment, nor does it require further approval from the BCUC.[117] Corix intends to maintain the RDDA in rate base in annual reports while continuing to disclose the annual carrying costs of the rate base RDDA in a separate schedule to comply with Directive 9 of Order C-11-14A.[118]

Position of the Parties

BCOAPO supports Corix's proposal to include the RDDA in rate base, and agrees that the RDDA forms part of the utility's invested capital and therefore makes the proposed treatment reasonable.[119]

Panel Discussion

The Panel notes that Corix's request to include the RDDA in rate base is consistent with the treatment that the BCUC approved in 2015, and sees no reason to deviate.

In addition to continuing to disclose the annual carrying costs of the rate base RDDA in a separate schedule, the Panel reminds Corix of its ongoing obligation to report the annual additions and the opening and closing balances of the RDDA in its annual report in accordance with reporting requirements set out in Directive 9 of Order C-11-14A.

3.4 Future Function of the RDDA

The 2015 Rates Decision approved the accounting treatment of the RDDA,[120], which allowed Corix to record variances in non-controllable costs in the RDDA.[121] In this section, the Panel examines whether Corix's non-controllable costs should continue to receive variance treatment in the RDDA, or, in other words, whether the function of the RDDA should now be limited to rate levelization.

[113] Order C-11-14A, Directive 16.
[114] Exhibit B-1, Section 3.2.3, p. 26; Exhibit B-3, BCUC IR 20.1.
[115] Order C-11-14A, Directive 9.
[116] Exhibit B-3, BCUC IR 20.1.
[117] Exhibit B-1, Section 3.2.3, p. 26.
[118] Exhibit B-3, BCUC IR 20.1.
[119] BCOAPO Final Argument, p. 21.
[120] Exhibit B-1, Section 6.4, pp. 46–47; Exhibit B-3, BCUC IR 19.7; Order G-84-15.
[121] 2015 Rates Decision, p. 7; 2015 Rate Application, Exhibit B-3, BCUC IRs 7.1 and 14.1.

The BCUC approved the establishment of the RDDA in the 2015 Rates Decision to manage revenue requirement variances under a levelized rate structure, with the goal of full recovery over a 20-year period.[122] The RDDA records the difference between total actual revenues and total allowed costs, which are the sum of actual non-controllable costs and forecast controllable costs.[123]

Corix submits that the RDDA should continue to capture actual revenues received from customers and actual non-controllable costs that do not have a specific deferral variance account over the recovery period. For controllable costs, the RDDA would continue to include the forecast amounts with no true-up to actual. Corix considers this approach appropriately balances the risk and reward of the utility and is consistent with that approved in the 2015 Rates Decision.[124]

Corix maintains that the RDDA should continue to include all variances between forecast and actuals for non-controllable costs, including O&M and capital-related components (e.g. depreciation, ROE, interest), on the basis that customer connection timing is outside Corix's control and can cause material variances.[125]

Corix notes that capital-related non-controllable costs, such as depreciation, amortization, deemed interest on debt and return on equity are subject to change due to variances from new customer connections.[126] Corix notes that it is not practical to isolate and record variances solely attributable to build-out capital additions, and that small delays can materially change the forecast for a growing greenfield utility.[127] Corix cites other BCUC decisions for greenfield thermal utilities (River District, Burnaby Mountain District Energy Utility) that reflect actual costs rather than a rigid forecast approach.[128]

Corix explains that if build-out were to occur more slowly than forecast, using actual billed revenue in the RDDA ensures the utility is not unfairly denied cost recovery for the larger revenue shortfall. Conversely, if build-out were to occur more quickly than forecast, using actual billed revenue ensures the RDDA balance is not artificially inflated, which prevents customers from being burdened with an inflated charge.[129]

Corix adds that requiring separate accounts for each non-controllable cost component would be inefficient, as the total variance would be the same as the total of the segmented items, incurring additional time and cost for reporting with no valid advantage apart from more granular detail of non-controllable costs.[130]

Corix states that it would not be opposed to a separate rate base variance account that records variances between forecast and actual O&M costs. Separate variance deferral accounts would be more transparent, but it would require additional time and effort to report on these more granular variances.[131] However, Corix would be opposed to a separate non-rate base variance account. If a deferral account earns WACC, then it should be a

[122] Exhibit B-1, Section 6.4, p. 45.
[123] Exhibit B-1, Section 10.3.4, p. 79; Exhibit B-11, BCUC IR 31.1.
[124] Exhibit B-1, Section 10.3.4, pp. 79–80.
[125] Exhibit B-3, BCUC IRs 19.4, 19.5 and 19.7.
[126] Ibid., BCUC IR 19.6.
[127] Exhibit B-11, BCUC IR 31.1.
[128] Exhibit B-3, BCUC IR 19.7.
[129] Exhibit B-11, BCUC IR 31.1.
[130] Exhibit B-3, BCUC IR 19.5.
[131] Ibid., BCUC IR 19.8.

rate base account. Corix explains that a deferral account "serves no useful purpose to be non-rate base where it then later needs to be added back to the delivery revenue requirement which is based on rate base."[132]

Corix emphasizes that the RDDA mechanism is designed solely for the customer benefit as it imposes significant financial burdens on Corix shareholder as the RDDA reduces liquidity, locks shareholder capital, and increases business risk because the RDDA is an intangible regulatory asset.[133] To mitigate potential risks, such as economic downturns and continued build-out delays, Corix plans to file revenue requirement applications every three years, which will allow for timely adjustments to its revenue requirement and Basic Charge rates.[134]

Corix states the BCUC should not stipulate that the RDDA be used to record the difference between BCUC-approved forecast revenues at approved rates and forecast cost of service. Corix considers that this may be appropriate for a large, stable, mature utility with no new business and where approved revenues and costs are highly predictable. However, this is not the case for UBC NDES which still has a build-out of its development to complete.[135]

Positions of the Parties

BCOAPO expresses concern that if the BCUC limits the RDDA solely to rate levelization, Corix may propose to establish several new deferral accounts to capture the variances between actual and forecast non-controllable revenues and expenses. If this is the expected outcome, BCOAPO submits that it would prefer maintaining the RDDA's dual purpose of rate levelization and variance accounting.[136]

Panel Determination

The Panel directs Corix to amend the Revenue Deficiency Deferral Account to record the differences between the BCUC-approved forecast revenues at approved rates and forecast cost of service, starting in the next revenue requirement and rates application.

The Panel accepts that when the BCUC approved the RDDA in 2015, the intended function of the RDDA was to levelize the cost impacts of the initial construction on customer rates prior to full buildout. For this reason, the RDDA captured all variances between forecast and actuals for non-controllable costs, including O&M and capital-related components (e.g. depreciation, ROE, interest), on the basis that customer connection timing was outside Corix's control and could cause material variances. However, the Panel also recognizes that the project is now ten years into development and considers that it is now time to examine whether the balance of risk and reward for Corix continues to be appropriate.

The Panel considers that using the RDDA to record differences between the approved forecast revenues at approved rates and forecast cost of service is consistent with the regulatory compact. Usage of the RDDA in this manner requires Corix to bear some forecast risk and incentivizes Corix to operate efficiently. Thus, Corix is afforded a reasonable opportunity to earn a fair return on its invested capital, rather than the BCUC effectively

[132] Exhibit B-3, BCUC IR 19.8.
[133] Exhibit B-11, BCUC IR 31.2.1.
[134] Exhibit B-3, BCUC IR 18.4.
[135] Exhibit B-11, BCUC IR 31.3.
[136] BCOAPO Final Argument, pp. 20-21.

guaranteeing Corix's allowed return. Further, while the Panel recognizes that the build-out schedule will affect revenues, we consider that the RDDA mechanism should not capture costs that can be separated out in a more transparent and flexible manner.

The Panel notes that Corix now plans to file RRRAs every three years to mitigate the potential effects of further buildout delays and the associated business risks of having a RDDA. As such, Corix will have the opportunity to update the BCUC regarding development build-out, and the BCUC will have more current information to use in setting new rates, forecast revenues, and forecast cost of service.

The Panel acknowledges that there is a balance to be achieved for utilities: on the one hand, recording variances between forecast and actual costs in the RDDA is administratively easier than recording variances in separate variance deferral accounts. On the other hand, opting for administrative ease means that the variances – which might be for costs that are not considered applicable over the life of the project are – nevertheless spread over the RDDA recovery period instead of being recovered from the applicable customers over a time period that better matches those costs. Corix is seeking approval for two new deferral accounts for variance treatment of regulatory costs and insurance costs, which we consider reflects the appropriate regulatory process for variance treatment. We are not persuaded that the potential increase in regulatory burden should prevent Corix from adhering to the basic purpose of the RDDA. **Therefore, the Panel directs Corix in its next revenue requirement and rates application to address which variances in non-controllable costs that Corix now records in the Revenue Deficiency Deferral Account should have specific deferral variance account treatment.**

4.0 Other Deferral Account Requests

This section addresses Corix's request to establish two new rate base deferral accounts: a Regulatory Costs Variance Account (RCVA) and an Insurance Cost Variance Account (ICVA). The Panel also addresses the proposed disposition of the residual balance in the previously approved GCOC Variance Deferral Account.

4.1 Regulatory Costs Variance Account and Insurance Cost Variance Account

Corix proposes to establish two new deferral accounts, the RCVA and the ICVA, to record variances between forecast and actual for non-controllable regulatory costs and insurance costs, carving them out of the RDDA where these variances are currently recorded.[137] Corix states this change would improve transparency and better align when costs are incurred with when they are recovered.[138]

The RCVA would capture variances in external regulatory costs, including BCUC cost recovery levies, BCUC-invoiced costs that Corix is directed to pay, participant cost award payments, public consultation costs and external legal and consulting costs for regulatory proceedings.[139]

[137] Exhibit B-1, Section 6.4, p. 47, Section 10.3.4, p. 79; Section 10.3.4.1, p. 80; Section 10.4.2, p. 82; Section 10.5.2, p. 83.
[138] Ibid., Section 10.6, Table 21, p. 83.
[139] Ibid., Section 1.3, p. 2, Section 10.4.2, pp. 81–82.

The ICVA would record variances for various types of insurance, including liability, property, directors and officers, errors and omissions, and cyber-insurance.[140] Corix notes that insurance costs have historically been highly variable and are influenced by external market forces, making them difficult to forecast accurately.[141]

Corix proposes both the RCVA and ICVA be treated as rate base deferral accounts which would earn WACC.[142] It states this approach simplifies financial modeling and provides a more accurate reflection of delivery revenue requirements.

Corix also proposes to fully amortize the balances in both deferral accounts within the test period of the next RRRA,[143] which it views as an improvement over the RDDA's significantly longer recovery period. Corix adds that this shorter amortization period would limit intergenerational inequity [144]

Positions of the Parties

BCOAPO does not oppose the establishment of the deferral accounts; however, it disagrees that the RCVA and ICVA should be rate base accounts that attract carrying costs at WACC because these accounts do not have underlying capital assets. Given the short amortization period (i.e. the next RRRA), BCOAPO suggests that these deferral accounts should instead attract carrying costs at a weighted average cost of debt (WACD).[145]

In reply, Corix submits that the RCVA and ICVA should be approved as rate base deferral accounts attracting carrying costs at WACC, noting that the inclusion of these accounts in rate base ensures that the utility is fairly compensated for the use of its capital. According to Corix, rate base accounts represent the net investment in utility assets upon which a regulated utility is permitted to earn a return, as approved by the BCUC. Corix clarifies that these accounts form the foundation of a utility's revenue requirement, which typically include deferred assets and other regulatory assets, and that the RCVA and ICVA fall into this category.[146]

Panel Determination

The Panel approves the establishment of the Regulatory Costs Variance Account as a non-rate base deferral account to record the variance between forecast and actual external regulatory costs. The Panel also approves the establishment of the Insurance Cost Variance Account as a non-rate base deferral account to record the variance between forecast and actual insurance costs.

The Panel is satisfied that Corix's external regulatory costs and insurance costs are non-controllable. We note that allowing variance treatment of these forecast and actual costs is consistent with the practice of other TES utilities. We accept that segmenting external regulatory and insurance costs that would otherwise be included in the RDDA enhances transparency. However, the Panel considers that two issues should be addressed regarding

[140] Exhibit B-1, Section 10.5.2, p. 83; Section 10.6, Table 21, p. 83.
[141] Ibid., Section 10.5.1, p. 82.
[142] Exhibit B-3, BCUC IRs 19.8 and 22.4; Exhibit B-6, BCOAPO IR 4.1.
[143] Exhibit B-3, BCUC IR 22.4.
[144] Exhibit B-1, Section 10.6, Table 21, p. 84.
[145] BCOAPO Final Argument, p. 24.
[146] Corix Reply Argument, p. 23.

Corix's proposed RCVA and ICVA, namely (i) the carrying cost; and (ii) whether the RCVA and ICVA should be rate base deferral accounts.

First, the Panel is satisfied that WACC is a reasonable carrying cost for the RCVA and ICVA. Although BCOAPO suggests these accounts should attract WACD because of the short amortization period, the Panel notes that WACD typically reflects the costs of borrowing for a company based on its specific debt instruments. However, the balances of these accounts, whether an under-recovery or over-recovery, directly impact Corix's available capital. If Corix has an under-recovery, it needs to finance those costs internally until recovery, tying up capital that it could use for other purposes. Conversely, an over-recovery means that Corix temporarily holds capital that would otherwise be returned to customers. The Panel finds that in either scenario, the cost of this capital to Corix is at WACC, reflecting the blended cost of its overall financing (debt and equity). **Therefore, the Regulatory Costs Variance Account and Insurance Cost Variance Account are approved to accrue carrying charges at Corix's weighted average cost of capital.**

Second, the Panel is not persuaded that the RCVA and ICVA should be treated as rate base deferral accounts. As determined above, the RCVA and ICVA are approved to accrue carrying charges at WACC. From a financing cost perspective, it makes no difference whether the deferral account is classified as rate base or not because WACC is used in either case. Further, we note that deferral accounts of a similar nature for other TES utilities are approved as non-rate base deferral accounts, including Corix's Burnaby Mountain District Energy Utility.[147] **Therefore, the Panel denies Corix's proposal to treat the Regulatory Costs Variance Account and Insurance Cost Variance Account as rate base deferral accounts.**

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

4.2 Generic Cost of Capital Variance Deferral Account

In 2025, the BCUC concluded its GCOC proceeding, which set the allowed return for the Corix UBC NDES, effective January 1, 2024. The purpose of that proceeding was to establish a method to determine the cost of capital for regulated utilities in BC, and to review the appropriateness of continuing to use a benchmark utility. As part of its GCOC Stage 1[148] decision in September 2023, the BCUC directed that interim rates, effective January 1, 2024, be established on a refundable or recoverable basis for all other utilities, including Corix, that use the benchmark utility to set their capital structure and equity return, pending the BCUC's final decision on the GCOC Stage 2 proceeding.[149]

[147] Corix Burnaby Mountain DE Limited Partnership Burnaby Mountain District Energy Utility 2024–2025 Revenue Requirements and Rates Decision and Order G-348-23, pp. 19–24.
[148] Decision and Order G-236-23 dated September 5, 2023 (GCOC Stage 1 Decision), pp. 141–142.
[149] GCOC Stage 1 Decision, Directive 4.

On November 29, 2024, the BCUC issued its GCOC Stage 2 Decision. In that decision, the BCUC established the deemed equity component and allowed ROE for Corix, effective January 1, 2024. The BCUC directed Corix to do the following:[150]

(i) Establish a new GCOC VDA, attracting Corix's WACC, to record the variance between the previously established interim 2024 rates and the rates that would reflect the new cost of capital, effective January 1, 2024; and

(ii) Address the amounts to be added to the GCOC VDA and their disposition in the sooner of (a) Corix's next rates application (i.e. this Application) or (b) a compliance filing to be filed with the BCUC by January 31, 2025.

Corix's proposals and the Panel's determinations pertaining to item (ii) above are discussed below.

The new cost of capital determined in the GCOC Stage 2 proceeding resulted in an increase to the equity component from 42.5 percent to 49.0 percent for Corix UBC NDES, with a corresponding reduction in the debt component from 57.5 percent to 51.0 percent. The ROE also increased from 9.50 percent to 10.40 percent. The debt interest rate remained unchanged at 4.0 percent for 2024, because it was set for a 10-year period in 2015.[151]

The ending balance for the GCOC VDA as of December 31, 2024, is $174,091. This balance is a result of the difference between the 2024 interim rates (established by Order G-236-23) and the final rates (approved by Order G-321-24) effective January 1, 2024, inclusive of the associated financing costs.[152]

Corix proposes to amortize the balance in the GCOC VDA through a fixed-charge rate rider, Rate Rider 1, over a 24-month period, from January 1, 2026 to December 31, 2027. Corix's proposal of a 24-month amortization period beginning January 1, 2026 aligns the end of the recovery period with the end of the Test Period.[153]

Corix also proposes that any residual balance in the GCOC VDA as of December 31, 2027, be transferred to the RDDA on January 1, 2028. Corix anticipates the December 31, 2027 balance to be relatively small. The residual balance depends on whether build-out is delayed or sped up since the Rate Rider 1 recovers the balance based on forecast floor area.[154] This approach ensures that any differences from forecast revenues from Rate Rider 1 are accounted for and that the balance of the GCOC VDA is effectively zero by the end of the Test Period.[155]

Positions of the Parties

BCOAPO recommends a three-year recovery period commencing on January 1, 2026 and ending on December 31, 2028. BCOAPO highlights the need to moderate the bill impact and consider rate stability, even if it extends beyond the Test Period. BCOAPO has no concerns with transferring any residual balance to the RDDA, following the three-year recovery period on January 1, 2029.[156]

[150] GCOC Stage 2 Decision, p. 96.
[151] Exhibit B-1, Section 10.2, Table 19, p. 71; Exhibit B-3, BCUC IR 23.1.
[152] Exhibit B-3, BCUC IR 23.1.
[153] Exhibit B-1, Section 10.2.1, p. 72, Section 12.6, p. 109.
[154] Exhibit B-3, BCUC IR 23.1.
[155] Exhibit B-1, Section 10.2.1, p. 72, Section 12.2, p. 110; Exhibit B-3, BCUC IRs 23.1 and 23.2.
[156] BCOAPO Final Argument, p. 25.

In reply, Corix submits that a two-year timeframe strikes a better balance between timely cost recovery and customer bill impact. Corix notes that its approach avoids burdening new customers, mitigates the risk of under-recovery, and aligns with the end of the Test Period. It adds that BCOAPO's proposed three-year recovery would decrease the indicative bill increase in 2026, but would ultimately result in higher bill increases in each of 2027 and 2028, as compared to Corix's proposal.[157]

Panel Determination

The Panel approves Corix to record $174,091 in the Generic Cost of Capital Variance Deferral Account. Corix is directed to amortize the Generic Cost of Capital Variance Deferral Account balance through a fixed-charge rate rider of $0.0287/m^2 per month, titled Rate Rider 1, over a 24-month period, beginning January 1, 2026 and ending December 31, 2027. While spreading the recovery over three years would lessen the customer bill impact each year, the increase in financing costs would result in customers paying more overall as compared to two years. Further, we are persuaded that the balance should be recovered within the Test Period so that the recovery does not extend to the next test period. Therefore, we find Corix's proposed 24-month amortization period reasonable because it ensures the balance is recovered in a timely manner.

The Panel directs Corix to report in its next revenue requirement and rates application the forecast residual balance in the Generic Cost of Capital Variance Deferral Account at the end of 2027 and propose an appropriate treatment for any residual balance. Given the uncertainty in the buildout schedule, the Panel considers that the BCUC should determine the disposition of any residual balance when more information is available.

5.0 Letters of Comment

The BCUC received 123 letters of comment, from building residents (suite owners or tenants), as well as a residential strata corporation that is a customer of the utility, a strata council member of a customer building and the University Neighborhoods Association.[158]

The letters of comment oppose the proposed rate increases and express concerns regarding affordability, lack of transparency, rate disparity between different regions in Vancouver, Corix's monopoly at the UBC NDES, and the quality of service. Specifically, the letters question Corix's financing costs and O&M costs associated with the proposed rate increase, ratepayer impacts from the Corix Restructuring and Business Combinations Transactions, and whether Corix's shareholders should be responsible for the financial challenges and project delays at UBC NDES.[159]

Positions of the Parties

Corix acknowledges that the letters of comment express widespread concern and strong opposition to the proposed rate increases. Corix states that the letters describe the hikes as excessive, unjustified, and punitive.

[157] Corix Reply Argument, pp. 24–25.
[158] Corix Reply to Letters of Comment, p. 2.
[159] Exhibit D-1 to Exhibit D-123.

Corix submits that over the past 10 years the UBC NDES went through various and complex business cycles which resulted in different magnitudes of costs that were generally higher than the forecasts submitted in the 2015 Rate Application. Corix attributes the delay in the buildout of Wesbrook Place as one of the most significant contributors affecting the costs of the UBC NDES, necessitating a higher rate increase than previously anticipated. Since the Basic Charge is calculated based on building floor area, Corix submits that this shortfall has a direct, immediate and material impact resulting in reduced revenue and a material revenue gap that it must recover through higher rates.[160]

Corix also notes that some of the letters express concerns regarding the growth of the RDDA and call for the BCUC to direct UBC NDES to absorb some of the RDDA balance instead of pushing all costs onto customers. In response, Corix submits the large unfavourable additions to the RDDA are primarily due to the build-out delays and delayed customer connections are not controllable by Corix. Given that Corix is not a property development company, Corix submits that the utility should not bear the responsibility of customer revenues that do not materialize from delays to building construction.[161] Corix asserts that its costs have been thoroughly justified as reasonable, prudently incurred, and essential for the continued operation of the UBC NDES. Requiring it to absorb such costs would contravene regulatory principles and the Fair Return Standard, which ensures that utility shareholders are afforded a reasonable opportunity to earn a fair return on their invested capital.[162]

Panel Discussion

The Panel recognizes that the proposed Basic Charge rate increases of 18 percent in 2025, 15 percent in 2026, and 12 percent in 2027 are much higher than the Basic Charge for the same period when rates were set in 2015 and as compared to the approved rate charged in 2024. Corix's increased costs are being passed down to customers living in the neighbourhoods served by the UBC NDES. The BCUC's mandate requires that the Panel balance the interests of customers and utility owners. The evidence shows that the costs to serve the UBC NDES are increasing, and the revenues are much lower than expected due to build out delays. With these circumstances in mind, the Panel has considered the appropriate level of risk to be shared between customers and the utility, in such areas as controllable vs. non-controllable costs and the future function of the RDDA, as discussed in Sections 2.1.2 and 3.4.

The Panel notes that delaying the rate increase now will be detrimental to current and future customers by accumulating a higher RDDA balance, and to the utility by putting its ongoing financial viability at risk.

The Panel has reviewed the letters of comment carefully, and we have factored in the concerns raised in the various findings and determinations made throughout this decision.

6.0 Timing of Current and Future Applications

This section examines the impact of the timing of Corix's Application, which is the first delivery rate application for the UBC NDES since 2015, when the BCUC approved a 20-year levelized rate structure and Basic Charge rates up to 2034. At that time, although Corix was seeking approval of the revenue requirements and rates for the UBC NDES over a 20-year period, Corix had stated that it would consider filing an application should the RDDA

[160] Corix Reply to Letters of Comment, pp. 2–4.
[161] Ibid., p. 16.
[162] Ibid., p. 18.

deviate significantly from what was forecast. By Order G-84-15, the BCUC imposed annual reporting requirements regarding the year-end balance of the RDDA.

Corix explains that prior to the finalization of the 2022 year-end, it had no concerns that its previously approved Basic Charge rates were no longer sufficient. When preparing its annual report for 2021, Corix states that the RDDA balance was in line with the projections submitted in the 2015 Rate Application. Consequently, Corix did not raise any concerns during or prior to 2022 regarding the RDDA balance and its implications on the Basic Charges.[163] Corix submits that it was not able to file an RRRA sooner than this Application due to significant competing priorities and limited resources.[164]

Corix states it is not requesting approval of revenue requirements or rates beyond December 31, 2027.[165] Corix is uncertain how many years it will apply for in its next RRRA, noting that it could range anywhere from one to five years, depending on the circumstances at that time.[166]

Positions of the Parties

RCIA argues that Corix's failure to file interim rate applications, after it became apparent by 2021 that the RDDA was growing unsustainably, constitutes imprudent cost management. RCIA submits that Corix's proposed sharp rate increases are caused by its prolonged reliance on the 2015 rate structure, as well as the 2024 restructuring-related costs.[167] In RCIA's view, Corix choosing not to file an updated revenue requirement since 2015 has unfairly shifted a disproportionate burden of historically accumulated costs onto current and future ratepayers.[168]

BCOAPO argues that it is the utility's responsibility to file timely rate applications, regardless of competing priorities and staffing limitations. BCOAPO submits that ratepayers should not have to bear the brunt of sudden and sharp rate increases resulting from Corix's failure to appreciate the impact of the changes to costs on its revenue requirements.[169] BCOAPO strongly recommends the Panel set a firm filing deadline for Corix to file its next RRRA and for the Panel to direct Corix to file applications regularly, with no more than three years between each filing.[170]

In reply, Corix reiterates that it noticed a high RDDA balance in 2023 during the finalization of year-end figures for 2022 – not in 2021, as stated by RCIA. Up to the end of 2021, Corix argues that the RDDA balance was at reasonably manageable levels and that as a relatively small utility, it had to defer the UBC NDES application until it completed key obligations that were time sensitive and resources became available.[171] Corix explains that it has proactively worked on submitting urgent and necessary UBC NDES filings since 2023 while simultaneously attempting to increase regulatory resources. Corix submits that RCIA's claim is without merit.[172]

[163] Exhibit B-3, BCUC IR 1.1.
[164] Corix Final Argument, p. 20.
[165] Ibid., p. 6.
[166] Exhibit B-1, Section 10.6, p. 85.
[167] RCIA Final Argument, p. 8.
[168] Ibid., p. 5.
[169] BCOAPO Final Argument, pp. 19-20.
[170] Ibid., p. 4.
[171] Corix Reply Argument, p. 36.
[172] Ibid., p. 37.

Corix does not object to BCOAPO's recommendation of the Panel setting a filing deadline for its next RRRA and proposes a filing deadline of no later than November 30, 2027.[173]

Panel Determination

The Panel has considered the views of all parties regarding whether Corix should have, or could have, filed a rate application sooner than it did, to slow the growth of the RDDA by raising rates to a level that would more adequately cover its increasing costs. The Panel accepts that Corix was monitoring the growth of the RDDA and filed a rate application once resources were available after concerns with the RDDA growth were noted in 2023. The Panel turns next to whether it should direct the timing of filing of Corix's rate applications. Despite, as BCAOPO notes, it being the responsibility of the utility to file timely rate applications, the Panel agrees with BCOAPO that a firm deadline be set for filing Corix's next RRRA.

The Panel directs Corix to file its next revenue requirement and rates application by no later than November 1, 2027. The Panel views that an earlier deadline is more appropriate than Corix's proposal of November 30, 2027 to set rates for January 1, 2028 to allow the BCUC more time to review the application and any interim rate requests. The development of the UBC NDES has been subject to delays resulting in increased costs for ratepayers, and Corix states in this Application that projected progress and completion timelines for the next test period are subject to a degree of uncertainty. As such, the Panel considers directing Corix to file its next RRRA by a certain date will improve transparency and enable timely rate adjustments if appropriate.

7.0 Overall Determination on the 2025-2027 Revenue Requirement and Basic Charge

This section sets out the Panel's overall determination on the Basic Charge rates for the UBC NDES for the Test Period.

As already noted, Corix proposes to increase the 2024 Basic Charge by 18 percent in 2025,[174] followed by 15 percent in 2026 and 12 percent in 2027. Corix acknowledges this represents a cumulative Basic Charge rate increase from 2025 to 2027 of 52 percent.[175] Corix's rate proposals compared to the Basic Charge rates approved by Order G-84-15 are summarized below:

	2025	2026	2027
Basic Charge ($/m^2 per month)	0.6610	0.6802	0.6999
Proposed Basic Charge ($/m^2 per month)	0.7580	0.8717	0.9763

Corix requests that upon the Panel's approval of permanent Basic Charge rates effective January 1, 2025, the Panel rescind the Basic Charge rates approved by Order G-84-15 for the period from January 1, 2025 to January 1, 2034.[176]

[173] Corix Reply Argument, p. 16.
[174] The 2024 Basic Charge is $0.6424/m^2 per month (Exhibit B-1, Section 13.2, p. 112).
[175] Exhibit B-6, BCOAPO IR 3.7.
[176] Exhibit B-1, Section 1.3, p. 3.

Corix submits that the proposed rates for the Test Period are both necessary and reasonable, particularly in light of the long-standing rate stability that UBC NDES customers have benefitted from since 2015.[177] Corix submits that it is more meaningful to look at the total bill impact, rather than to focus on a rate increase to the Basic Charge, since a customer's bill comprises more than one rate and it is the total bill that the customer pays to the utility.[178] For a typical residential end-user at UBC NDES, Corix estimates the overall annual bill impact (i.e. including the Variable Energy Charge, which reflects the elimination of the BC Carbon Tax) to be $55 or 6.17 percent for 2025, $143 or 15.18 percent for 2026, and $91 or 8.41 percent for 2027.[179] Corix submits that UBC NDES customers have benefitted from an average total bill increase lower than inflation from 2016 through to 2024.[180]

Positions of the Parties

BCOAPO argues that the proposed rate increases, with a cumulative delivery rate increase of 52 percent, are too front-end loaded, trigger rate shock and gloss over ratepayer impacts.[181] BCOAPO recommends that the BCUC set rate increases at levels that do not exceed nine percent per year over the Test Period.[182] BCOAPO disagrees with Corix that the elimination of the carbon tax, which was a government levy and not a rate set by the BCUC, and the reduction of the Variable Energy Charge should be considered as an 'offsetting bill impact' to the proposed increases. BCOAPO states that delivery rate increases should be assessed on their own merits without opportunistic and unjustifiably asymmetrical benefits to Corix.[183]

In reply, Corix submits that the term "rate shock" is no longer applicable under the regulatory framework for thermal energy systems and that rate applications must be evaluated based on their overall impact on the customer's bill, rather than on isolated components (i.e. the Basic Charge).[184] For a typical residential end-user at UBC NDES, Corix estimates the overall cumulative bill impact would be 32.57 percent for the Test Period, with an annualized bill impact of approximately 9.85 percent.[185] Corix argues that it is misleading to exclude certain components from the bill impact analysis, particularly those that reduce the overall burden on customers (i.e. the elimination of the carbon tax and the reduction of the Variable Energy Charge).[186] Corix submits that the proposed Basic Charge rates are designed to stabilize the growth of the RDDA and mitigate the compounding effects of carrying costs, and that BCOAPO's rate proposals should be rejected.[187]

Panel Determination

The 2025 to 2027 Basic Charge rates proposed by Corix are based on the forecast revenue requirement for the UBC NDES and extension of the RDDA recovery period by 5 years from 2034 to 2039 (i.e. Scenario #3 from Section 3.2). Based on the findings and determinations on the components of the forecast revenue requirement,

[177] Corix Final Argument, p. 29.
[178] Corix Reply to Letters of Comment, p. 7.
[179] Corix Final Argument, pp. 29–30.
[180] Ibid., p. 29.
[181] BCOAPO Final Argument, pp. 12 and 14.
[182] Ibid., pp. 17–19.
[183] Ibid., pp. 15–16.
[184] Corix Reply Argument, pp. 9–10.
[185] Ibid., p. 9.
[186] Ibid., p. 11.
[187] Ibid., pp. 14–15.

the Panel approves the forecast revenue requirement set out in Table 1 in Section 2.0, as adjusted for the approved Corporate and Regional Services Costs in Section 2.1.1, for setting Basic Charge rates for the Test Period. The forecast revenue requirement as adjusted reasonably reflects Corix's forecast cost of service and is an appropriate basis on which to establish Basic Charge rates.

The Panel approves Corix to charge a Basic Charge of $0.7580/m^2 per month effective January 1, 2025, $0.8717/m^2 per month effective January 1, 2026 and $0.9763/m^2 per month effective January 1, 2027, as adjusted in accordance with the directives and determinations outlined in this decision, on a permanent basis. For clarity, the adjustment must include reductions in Corporate and Regional Services Costs as set out in Sections 2.1.1 and 3.2.

The Basic Charge rates previously approved by Order G-84-15, for the effective period from January 1, 2025 to January 1, 2034, inclusive, are rescinded.

Corix is directed to include the following additional information as part of its November 28, 2025 compliance filing pursuant to Section 2.1.1 above:

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

The Panel directs Corix to record the variance between the interim and permanent rate as a one-time adjustment in the Revenue Deficiency Deferral Account following the BCUC's acceptance of the compliance filing.

The Panel notes that Corix has not revised its rates since 2015 and therefore the rate increases are, to some extent, catching up. We have reduced costs where reasonable, namely the Corporate and Regional Services Costs in Section 2.1.1. In addition, we have set an RRRA filing deadline, which ensures that Corix will review its finances more frequently.

The Panel has directed changes to the RDDA that make it more transparent and allocates risk appropriately between Corix shareholder and ratepayers. Further, we accept that the reality of the buildout at the UBC NDES does not align with Corix's initial plan and therefore extending the RDDA recovery period by five years strikes an appropriate balance between immediate impact to customers and prolonged RDDA financing costs.

The Panel recognizes that there are different ways to present rate changes and customer bill impacts. We have considered the magnitude of the Basic Charge rate change on a standalone basis as well as the total bill impact when other rate components are factored in. The Panel has adjusted certain costs and extended the RDDA recovery period in light of the circumstances at the UBC NDES. We have also considered the letters of comment by affected parties. Based on the record of this proceeding, we are not convinced that further rate smoothing to limit the rate increase at a specific level is warranted.

However, the Panel rejects Corix's submission that the absence of the term "rate shock" from the new TES Guidelines indicates the concept of rate shock is no longer applicable to TES regulation, or that 10 percent is no longer the threshold. Rather, the Panel considers that the presence of high rate or bill impacts (i.e. above 10 percent) remain an important factor for the BCUC to assess when setting rates for TES, and the absence of the words "rate shock" in the new TES Guidelines does not change that fact.

8.0 Other Matters

In this section, the Panel highlights three commitments that Corix has with UBC that will have financial implications on NDES ratepayers in the next test period, and also reviews Corix's request for confidentiality for some of the Application materials. None of the interveners commented on these matters.

8.1 Implications of UBC Climate Action Policies and Programs

In 2024, UBC released its Neighbourhood Climate Action Plan (NCAP), outlining a pathway to create a net-zero, climate-resilient community in its campus neighborhoods, with Corix's UBC NDES as a key element. To comply with UBC's NCAP, Corix is required to provide 100 percent low-carbon energy supply to all connected buildings of the Wesbrook Place development; however, Corix notes that the target dates and details for these requirements are subject to change.[188] Additionally, Corix indicates that the buildings expected to be connected to the UBC NDES between 2028 and 2030 will be subject to the requirements of UBC's Residential Environmental Assessment Program (REAP).[189] The REAP is a green building rating system that mandates all new residential developments located on UBC campus to meet sustainable building practices, including reduced carbon impact and improved energy efficiency.[190] As such, to comply with requirements of UBC's NCAP and REAP, Corix plans to incorporate a permanent low-carbon energy system prior to 2030.[191] Corix anticipates using the existing boilers from temporary energy centers (i.e. TEC-West and TEC-East) as peaking and backup upon completion of the new low-carbon energy system.[192]

At present, Corix states it is unable to provide a high-level estimate of how the future low-carbon energy system would impact customers beyond the Test Period, as discussions with UBC are still ongoing. Corix submits that it will file a CPCN application with the BCUC for approval of the future low-carbon energy system, which will include a comprehensive assessment of the financial implications to ratepayers.[193] Corix confirms that the forecast capital costs for the Test Period do not account for any costs related to the future low-carbon energy centre.[194]

[188] Exhibit B-1, Section 2.2, p. 11.
[189] Ibid., Section 2.2, p. 11, Section 2.10, p. 23.
[190] Exhibit B-1, Section 2.2, p. 11, Section 2.10, p. 23; UBC Residential Environmental Assessment Program (REAP) | UBC Campus & Community Planning
[191] Exhibit B-1, Section 2.10, p. 23, Section 5.1, p. 34, Section 8.1, p. 50.
[192] Exhibit B-1, Section 5.1, p. 34; Exhibit B-3, BCUC IR 15.3.
[193] Exhibit B-3, BCUC IR 4.3.
[194] Exhibit B-1, Section 2.10, p. 23; Exhibit B-3, BCUC IR 4.1.

Panel Determination

The Panel acknowledges Corix's intention to build a permanent, low carbon energy centre in 2030 which will result in potential future capital investments and other costs in the next test period. **Corix is directed to provide an update on the status of the low carbon energy centre in its next revenue requirement and rates application.**

8.2 UBC Franchise Fee

The Infrastructure Agreement between Corix and UBC states that beginning in 2030, after the UBC NDES's 15th year of operation, a Franchise Fee payable to UBC (UBC Franchise Fee) will be included in the Land Lease, Property Taxes, Fees and Levies component of Corix's revenue requirement.[195] The UBC Franchise Fee is calculated as 3 percent of gross revenues collected by Corix in connection with its provision of energy services and is recoverable through rates chargeable to NDES customers.[196] Corix notes, however, that the Infrastructure Agreement states that UBC has the discretion to either waive or reduce the UBC Franchise Fee if UBC determines in its sole discretion that the rates then chargeable to the NDES customers exceed a generally-accepted competitive benchmark for the provision of thermal energy.[197] Corix is in discussions with UBC to explore a potential extension on the commencement of the UBC Franchise Fee and/or a possible waiver of the UBC Franchise Fee as part of its low-carbon energy center implementation in 2030.[198] If the UBC Franchise Fee is waived, Corix estimates that the recovery of the RDDA would occur approximately one-year sooner, in 2038.[199]

Panel Discussion

Although the commencement of the UBC Franchise Fee is outside of the Test Period of this RRRA, it will impact the RDDA balance in future years. Given that Corix has confirmed it is in discussions with UBC to explore options of waiving or extending the commencement of the UBC Franchise Fee, **the Panel directs Corix provide an update on its discussions with UBC regarding the UBC Franchise Fee in its next revenue requirement and rates application**.

8.3 Confidentiality

In accordance with the BCUC's Rules of Practice and Procedure, Corix requests the following remain confidential in perpetuity: i) the financial model accompanying the Application as filed in Exhibit B-1-1, as well as the amended financial model as filed in Exhibit B-8; (ii) the list of customers notified of the Application as filed in Exhibit B-2-1; and (iii) the unredacted responses to BCUC IR No. 1 as filed in Exhibit B-3-1 and to BCUC IR No. 2 as filed in Exhibit B-11-1.

Corix submits that the information contained within these documents is commercially sensitive and integral to Corix's competitive position in a market where district energy operators often bid for contracts. Disclosing these details would provide counterparties and competitors with valuable insight into the financial modelling of

[195] Exhibit B-1, p. 48, Exhibit B-7, Attachment No. 1, Amended Schedule 11.
[196] Corix Multi-Utility Services Inc. CPCN for Phase 1 of the Neighbourhood District Energy System at the University of British Columbia (Corix 2014 CPCN Proceeding), Exhibit B-11, Section 11.3, p. 27.
[197] Corix 2014 CPCN Proceeding, Exhibit B-1, Section 11.3, p .27.
[198] Exhibit B-3, BCUC IR 12.4.
[199] Ibid., BCUC IR 12.3.

Corix's district energy utilities, potentially undermining Corix's negotiating position and resulting in unfavourable rates and agreements.[200]

Panel Determination

The Panel finds that the financial model accompanying the Application (Exhibit B-1-1), the amended financial model (Exhibit B-8); the list of customers notified of the Application (Exhibit B-2-1); and the unredacted responses to BCUC IR No. 1 (Exhibit B-3-1) and BCUC IR No. 2 (Exhibit B-11-1) contain commercially sensitive information and directs that these documents will be kept confidential unless the BCUC directs otherwise. The Panel accepts Corix's submission that disclosing this information could adversely affect Corix's competitive position and negotiating leverage in the district energy services market.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of October 2025.

Electronically signed by Wendy Royle

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W. E. Royle
Panel Chair

Electronically signed by Blair Lockhart

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E. B. Lockhart
Commissioner

[200] Exhibit B-1, Section 1.3.4, pp. 6-7; Exhibit B-7, p. 2.

Corix UBCDE Limited Partnership
UBC Neighbourhood District Energy System 2025 to 2027 Revenue Requirement and Rates

LIST OF TERMS AND ACRONYMS

Terms and Acronyms	Description
2024 Restructuring	The Corix Restructuring and Business Combinations Transactions were completed as of April 1, 2024
2015 Rate Application	Corix Multi-Utility Services Inc. Final Rate Application for Phase 1 - Wesbrook of the Neighbourhood District Energy System (NDES) at the University of British Columbia
2015 Rates Decision	By order G-84-15, the BCUC approved a 20-year levelized two part rate structure, consisting of a Basic Charge and a Variable Charge from 2015 to 2034
Application	Corix's application for approval of the revenue requirement and Basic Charge rates for its Neighbourhood District Energy System at the University of British Columbia for 2025 to 2027
BCOAPO	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre
BCUC	British Columbia Utilities Commission
BMDEU	Burnaby Mountain District Energy Utility
CAM	Cost Allocation Methodology
Corix Restructuring and Business Combinations Transactions	In 2023, the BCUC approved an internal reorganization and restructuring of Corix Multi-Utility Services Inc. and its affiliates
Corporate Services Costs	Shared costs incurred at the corporate level for providing necessary services to all affiliates
CMUS	Corix Multi-Utility Services Inc.
Corix	Corix UBCDE Limited Partnership
CPI	Consumer Price Index
DPS	Distribution Piping System
ETS	Energy Transfer Station
GCOC	Generic Cost of Capital
GCOC Stage 1 Decision	BCUC Generic Cost of Capital Stage 1 proceeding, Decision and Order G-236-23 dated September 5, 2023

GCOC Stage 2 Decision	BCUC Generic Cost of Capital Stage 2 proceeding, Decision and Order G-321-24 dated November 29, 2024
GCOC VDA	Generic Cost of Capital Variance Deferral Account
ICVA	Insurance Cost Variance Account
IRs	Information Requests
IT	Information Technology
m^2	Square metre
NCAP	Neighbourhood Climate Action Plan
O&M	Operating and Maintenance
RCVA	Regulatory Costs Variance Account
RDDA	Revenue Deficiency Deferral Account
RCIA	Residential Consumer Intervener Association
REAP	Residential Environmental Assessment Program
Regional Services Costs	Shared costs incurred at the regional level in order to provide a variety of necessary services to relevant affiliates
ROE	Return on equity
R&R	Renewal and Replacement
RRRA	Revenue Requirement and Rates Application
TEC East	Temporary Energy Center East
TEC West	Temporary Energy Center West
TES	Thermal Energy Systems
TSBC	Technical Safety BC
Test Period	The Test Period for this Application is from January 1, 2025 to December 31, 2027
UBC	The University of British Columbia

UBC Franchise Fee	A franchise fee payable to UBC beginning in 2030
UBC NDES	University of British Columbia Neighbourhood District Energy System
UCA	*Utilities Commission Act*
WACC	Weighted average cost of capital

Corix UBCDE Limited Partnership
UBC Neighbourhood District Energy System 2025 to 2027 Revenue Requirement and Rates

EXHIBIT LIST

Exhibit No. **Description**

COMMISSION DOCUMENTS

A-1	January 8, 2025 – Panel Appointment
A-2	January 23, 2025 – BCUC Order G-10-25-establishing a regulatory timetable
A-2-1	January 24, 2025 – Public notice change
A-3	February 24, 2025 – BCUC response to BCOAPO and RCIA requests to intervene
A-4	March 6, 2025 – BCUC Information Request No.1 to Corix UBCNDES
A-5	April 30, 2025 – BCUC Order G-109-25-amending the regulatory timetable
A-6	May 15, 2025 – BCUC response to RCIA regarding Corix objection to RCIA Confidentiality Request
A-7	May 16, 2025 – BCUC Information Request No. 2 to Corix UBCNDES
A-8	May 29, 2025 – BCUC Order G-132-25 regarding RCIA request for access to confidential materials
A-9	June 27, 2025 – BCUC request for submissions in final argument

APPLICANT DOCUMENTS

B-1	**PUBLIC** - December 31, 2024 – **CORIX UBCDE LIMITED PARTNERSHIP (CORIX)** – UBC Neighbourhood District Energy System (NDES) 2025 to 2027 Revenue Requirement and Rates
B-1-1	**CONFIDENTIAL** – December 31, 2024 – Corix UBC NDES 2025 to 2027 Revenue Requirement and Rates – Financial Model
B-2	**PUBLIC -** February 4, 2025 – Corix confirmation of redacted Public Notice requirements in compliance with Order G-10-25
B-2-1	**CONFIDENTIAL -** February 4, 2025 – Corix confirmation of confidential Public Notice requirements in compliance with Order G-10-25

B-3	**PUBLIC -** April 17, 2025 – Corix submitting response to BCUC Information Request No. 1
B-3-1	**CONFIDENTIAL –** April 17, 2025 – Corix submitting response to BCUC Information Request No. 1
B-4	April 17, 2025 – Corix submitting response to UBC Information Request No. 1
B-5	April 17, 2025 – Corix submitting response to RCIA Information Request No. 1
B-6	April 17, 2025 – Corix submitting response to BCOAPO Information Request No. 1
B-7	April 17, 2025 – Corix submitting Evidentiary Record Update
B-8	**CONFIDENTIAL –** April 17, 2025 – Corix submitting Evidentiary Record Update - Financial Model
B-9	May 13, 2025 – Corix submitting response to RCIA Confidentiality Declaration and Undertaking
B-10	May 29, 2025 – Corix submitting confirmation of compliance with Directive 2 of Order G- 132-25
B-11	**PUBLIC -** June 17, 2025 – Corix submitting response to BCUC Information Request No. 2
B-11-1	**CONFIDENTIAL –** June 17, 2025 – Corix submitting response to BCUC Information Request No. 2
B-12	June 17, 2025 – Corix submitting response to BCOAPO Information Request No. 2
B-13	June 17, 2025 – Corix submitting response to RCIA Information Request No. 2
B-14	June 26, 2025 – Corix submitting confirmation of social media posts in compliance with Order G-109-25

INTERVENER DOCUMENTS

C1-1	February 12, 2025 **– BC OLD AGE PENSIONERS' ORGANIZATION, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, DISABILITY ALLIANCE BC, TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO)** – Request to intervene by Irina Mis
C1-2	March 13, 2025 – BCOAPO submitting Information Request No. 1 to Corix
C1-3	May 22, 2025 – BCOAPO submitting Information Request No. 2 to Corix
C2-1	February 13, 2025 – **RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA)** – Request to intervene by Rory MacGregor

C2-2	March 13, 2025 – RCIA submitting Information Request No. 1 to Corix
C2-3	May 7, 2025 – RCIA submitting confidentiality declaration and undertaking
C2-4	May 20, 2025 – RCIA submitting response to Exhibit B-9
C2-5	May 22, 2025 – RCIA submitting Information Request No. 2 to Corix
C2-6	June 6, 2025 – RCIA submission on review of Corix's confidential amended financial model
C3-1	February 11, 2025 – **UBC PROPERTIES TRUST (UBC PROPERTIES TRUST)** – Request to intervene by Paul Young
C4-1	February 12, 2025 - **UNIVERSITY OF BRITISH COLUMBIA (UBC)** – Request to intervene by Chris Fay
C4-2	March 13, 2025 – UBC submitting Information Request No. 1 to Corix

LETTERS OF COMMENT

D-1	January 30, 2025 - DUGGAN, S. (DUGGAN) – Letter of Comment
D-2	January 30, 2025 - RYAN, R. (RYAN) – Letter of Comment
D-3	January 30, 2025 - BRUAN, J. (BRUAN) – Letter of Comment
D-4	January 30, 2025 - MACMILLAN, E. (MACMILLAN) – Letter of Comment
D-5	January 30, 2025 - BARKER, S. (BARKER) – Letter of Comment
D-6	January 30, 2025 - BEZA, D. (BEZA) – Letter of Comment
D-7	January 30, 2025 - ATKINSON, C. (ATKINSON) – Letter of Comment
D-8	January 31, 2025 - CANNON, S. (CANNON) – Letter of Comment
D-9	January 31, 2025 - MCEWAN, A. (MCEWAN) – Letter of Comment
D-10	January 31, 2025 - SCOTT, A. (SCOTT) – Letter of Comment
D-11	January 31, 2025 - ETMANNSKI, T. (ETMANNSKI) – Letter of Comment
D-12	January 31, 2025 - FERA, S. (FERA) – Letter of Comment
D-13	February 2, 2025 - GREER, K. (GREER) – Letter of Comment
D-14	February 3, 2025 - JOHN, L. (JOHN) – Letter of Comment
D-15	February 2, 2025 - VARLEY, A. (VARLEY) – Letter of Comment

D-16	February 3, 2025 - HYDE, S. (HYDE) – Letter of Comment
D-17	February 3, 2025 - KIM, J. (KIM) – Letter of Comment
D-18	February 4, 2025 - C, RACHEL (R.C.) – Letter of Comment
D-19	February 5, 2025 - TATE, B. (TATE) – Letter of Comment
D-20	February 8, 2025 - MENDES, J. (MENDES) – Letter of Comment
D-21	February 9, 2025 - BERNAEDRT, D. (BERNAEDRT) – Letter of Comment
D-22	February 9, 2025 - F, RAMI (R.F.) – Letter of Comment
D-23	February 10, 2025 - LONGLAND, J. (LONGLAND) – Letter of Comment
D-24	February 10, 2025 - TIETJEN, K. (TIETJEN) – Letter of Comment
D-25	February 11, 2025 - HAASE, K. (HAASE) – Letter of Comment
D-26	February 11, 2025 - PUPKIN, D. (PUPKIN) – Letter of Comment
D-27	February 12, 2025 - CHEN, B. (CHEN) – Letter of Comment
D-27-1	May 10, 2025 – CHEN, B.L. (CHEN) – Additional Letter of Comment
D-28	February 12, 2025 - LIU, H. (LIU) – Letter of Comment
D-28-1	May 10, 2025 – LIU, H.G. (LIU) – Additional Letter of Comment
D-29	March 3, 2025 - TURNER, R. (TURNER) – Letter of Comment
D-30	March 3, 2025 - TURNER, J. (TURNER) – Letter of Comment
D-31	March 9, 2025 – ZHANG, W. (ZHANG) – Letter of Comment
D-32	May 7, 2025 – BERNAERDT, A. (BERNAERDT) – Letter of Comment
D-32-1	May 8, 2025 – BERNAERDT further Letter of Comment
D-33	May 7, 2025 – HANSEN, N. (HANSEN) – Letter of Comment
D-34	May 7, 2025 – BRISENO HERNANDEZ, F.J. (BRISENO HERNANDEZ) – Letter of Comment
D-35	May 7, 2025 – YAN, J. (YAN) – Letter of Comment
D-36	May 7, 2025 – CHOW, S. (CHOW) – Letter of Comment
D-37	May 7, 2025 – GUO, P. (GUO) – Letter of Comment
D-38	May 7, 2025 – FANG, Z. (FANG) – Letter of Comment

D-39	May 7, 2025 – PITZER, R. (PITZER) – Letter of Comment
D-40	May 7, 2025 – YANG, G. (YANG) – Letter of Comment
D-41	May 7, 2025 – ZHANG, Y. (ZHANG, Y.) – Letter of Comment
D-42	May 8, 2025 – SUN, Y. (SUN) – Letter of Comment
D-43	May 8, 2025 – S., M. (M.S.) – Letter of Comment
D-44	May 8, 2025 – TROCZYNSKI, T. (TROCZYNSKI) – Letter of Comment
D-45	May 8, 2025 – JAN, E. (JAN) – Letter of Comment
D-46	May 8, 2025 – ALQARAGHULI, H. (ALQARAGHULI) – Letter of Comment
D-47	May 8, 2025 – SELBI, M. (SELBI) – Letter of Comment
D-48	May 8, 2025 – MERKO T. (MERKO) – Letter of Comment
D-49	May 8, 2025 – ABI FARRAGE A. (ABI FARRAGE) – Letter of Comment
D-50	May 8, 2025 – PANG, L. (PANG) – Letter of Comment
D-51	May 8, 2025 – FANG, Q. (FANG) – Letter of Comment
D-52	May 9, 2025 – SHI, K. (SHI) – Letter of Comment
D-53	May 9, 2025 – SHI, C. (SHI) – Letter of Comment
D-54	May 9, 2025 – CHEN, B. (CHEN) – Letter of Comment
D-55	May 10, 2025 – SHI, W. (SHI) – Letter of Comment
D-56	May 11, 2025 – CHAU, W. (CHAU) – Letter of Comment
D-57	May 11, 2025 – ABI FARRAGE, A. (ABI FARRAGE) – Letter of Comment
D-58	May 12, 2025 – ABI-FARRAGE, D. (ABI-FARRAGE) – Letter of Comment
D-59	May 12, 2025 – TILBURY, I. (TILBURY) – Letter of Comment
D-60	May 13, 2025 – CUI, Q. (CUI) – Letter of Comment
D-61	May 13, 2025 – LEE, J. (LEE) – Letter of Comment
D-62	May 13, 2025 – LEUNG, C. (LEUNG) – Letter of Comment
D-63	May 13, 2025 - TIAN, Z. (TIAN) – Letter of Comment
D-64	May 13, 2025 – YAU, P. (YAU) – Letter of Comment
D-65	May 14, 2025 – PANG, J. (PANG) – Letter of Comment

D-66	May 15, 2025 – XU, S. (XU) – Letter of Comment
D-67	May 20, 2025 – MENG, F. (MENG) – Letter of Comment
D-68	May 20, 2025 – JOHN, L. (JOHN) – Letter of Comment
D-69	May 20, 2025 – YU, W. (YU) – Letter of Comment
D-70	May 20, 2025 – ZHANG, L. (ZHANG) – Letter of Comment
D-71	May 20, 2025 – LEI, J. (LEI) – Letter of Comment
D-72	May 20, 2025 – DUAN, Q. (DUAN) – Letter of Comment
D-73	May 20, 2025 – RUSSELL, J. (RUSSELL) – Letter of Comment
D-74	May 21, 2025 – QUAN, Y. (QUAN) – Letter of Comment
D-75	May 21, 2025 – ZHANG, J. (ZHANG) – Letter of Comment
D-76	May 21, 2025 – LIAO, R. (LIAO) – Letter of Comment
D-77	May 22, 2025 – LI, R. (LI) – Letter of Comment
D-78	May 22, 2025 – LAW, J. (LAW) – Letter of Comment
D-79	May 24, 2025 - MCLAUGHLIN, S. (MCLAUGHLIN) – Letter of Comment
D-80	May 24, 2025 - SMITH, D. (SMITH) – Letter of Comment
D-81	May 24, 2025 - SCANLAN, H. (SCANLAN) – Letter of Comment
D-82	May 26, 2025 – UNIVERSITY NEIGHBOURHOODS ASSOCIATION (UNA) – Letter of Comment
D-83	May 28, 2025 – YAN, Z. (YAN) – Letter of Comment
D-84	May 29, 2025 – DING, P. (DING) – Letter of Comment
D-85	May 29, 2025 – YE, H.P. (YE) – Letter of Comment
D-86	May 29, 2025 – LIU, C. (LIU) – Letter of Comment
D-87	May 29, 2025 – ZHU, M. (ZHU) – Letter of Comment
D-88	May 29, 2025 – GAO, C. (GAO) – Letter of Comment
D-89	May 29, 2025 – KUANG, C. (KUANG) – Letter of Comment
D-90	May 29, 2025 – SUN, L. (SUN) – Letter of Comment
D-91	May 29, 2025 – KANG, Y. (KANG) – Letter of Comment

D-92	May 30, 2025 – HU, Y. (HU) – Letter of Comment
D-93	May 30, 2025 – CHEN, P. (CHEN) – Letter of Comment
D-94	May 31, 2025 – LIN, H. (LIN) – Letter of Comment
D-95	May 29, 2025 – KANG, Z. (KANG) – Letter of Comment
D-96	May 29, 2025 – KANG, D. (KANG) – Letter of Comment
D-97	May 29, 2025 – CHEN, J. (CHEN) – Letter of Comment
D-98	May 29, 2025 – HUANG, Y. (HUANG) – Letter of Comment
D-99	June 1, 2025 – HOOD, H. (HOOD) – Letter of Comment
D-100	June 1, 2025 – IVY ON THE PARK STRATA (IVY) – Letter of Comment
D-101	June 1, 2025 – WU, P. (WU) – Letter of Comment
D-102	June 1, 2025 – QIN, A. (QIN) – Letter of Comment
D-103	June 1, 2025 – SHI, A. (SHI) – Letter of Comment
D-104	June 1, 2025 – GAO, E. (GAO) – Letter of Comment
D-105	June 3, 2025 – WANG, X. (WANG) – Letter of Comment
D-106	June 3, 2025 – KHALILI, M. (KHALILI) – Letter of Comment
D-107	June 3, 2025 – MENDEL, R. (MENDEL) – Letter of Comment
D-108	June 3, 2025 – HE, J. (HE) – Letter of Comment
D-109	June 3, 2025 – YU, T. (YU) – Letter of Comment
D-110	June 6, 2025 – RUKUS, C. (RUKUS) – Letter of Comment
D-111	June 6, 2025 – ZHANG, S. (ZHANG, S.) – Letter of Comment
D-112	June 6, 2025 – THE COUNCIL OF RESIDENCES AT NOBEL PARK (RESIDENCES AT NOBEL PARK) – Letter of Comment
D-113	June 7, 2025 – ELLIS, U. (ELLIS) – Letter of Comment
D-114	June 8, 2025 – WONG, P. (WONG) – Letter of Comment
D-115	June 9, 2025 – LUO, Y. (LUO) – Letter of Comment
D-116	June 14, 2025 – MUNROE, A. (MUNROE) – Letter of Comment
D-117	June 20, 2025 – AH, R. (AH) – Letter of Comment

D-118	June 21, 2025 - MAO, Q. (MAO) – Letter of Comment
D-119	June 24, 2025 – YANG, L. (YANG, L.) – Letter of Comment
D-120	June 24, 2025 – YANG, T. (YANG, T.) – Letter of Comment
D-121	June 24, 2025 – TORNG, P. (TORNG) – Letter of Comment
D-122	June 24, 2025 – YANG, F. (YANG, F.) – Letter of Comment
D-123	June 24, 2025 – CO, T. (CO) – Letter of Comment

Corix UBCDE Limited Partnership
UBC Neighbourhood District Energy System 2025 to 2027 Revenue Requirement and Rates

SUMMARY OF DIRECTIVES/DETERMINATIONS

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

Directive/Determinations	Page
The Panel finds Corix's forecast O&M costs reasonable for the purpose of setting Basic Charge rates for 2025 to 2027.	7
The Panel finds Corix's proposed forecast Corporate and Regional Services Costs unreasonable.	11
Therefore, the Panel approves the following Corporate and Regional Services Costs for the Test Period: $803,499 for 2025, $827,604 for 2026 and $852,432 for 2027. Corix is directed to file a compliance filing by November 28, 2025 that includes: 1. Supporting calculations and revised financial schedules reflecting the approved Corporate and Regional Services Costs for each of 2025, 2026 and 2027; and 2. The reduced Basic Charge rate for each of 2025, 2026 and 2027 as adjusted for the approved Corporate and Regional Services Costs, and in accordance with sections 3.2 and 7.0 of this decision.	12
The Panel directs Corix to include, in its next revenue requirement and rates application, an evaluation of what categories of O&M costs continue to be non-controllable, with supporting justification.	14
The Panel accepts the proposed capitalized overhead methodology for the UBC NDES.	16
The Panel approves the extension of the Revenue Deficiency Deferral Account recovery period by five years from 2034 to 2039.	19
Corix is required to make those adjustments holding all else equal using Scenario 3. In other words, the approved Corporate and Regional Services Costs will reduce the Basic Charge rate for each of 2025, 2026, and 2027, while keeping all indicative rates the same from 2028 to 2039 as specified in Scenario 3.	19
The Panel directs Corix to amend the Revenue Deficiency Deferral Account to record the differences between the BCUC-approved forecast revenues at approved rates and forecast cost of service, starting in the next revenue requirement and rates application.	22

Therefore, the Panel directs Corix in its next revenue requirement and rates application to address which variances in non-controllable costs that Corix now records in the Revenue Deficiency Deferral Account should have specific deferral variance account treatment.	23
The Panel approves the establishment of the Regulatory Costs Variance Account as a non-rate base deferral account to record the variance between forecast and actual external regulatory costs. The Panel also approves the establishment of the Insurance Cost Variance Account as a non-rate base deferral account to record the variance between forecast and actual insurance costs.	24
Therefore, the Regulatory Costs Variance Account and Insurance Cost Variance Account are approved to accrue carrying charges at Corix's weighted average cost of capital.	25
Therefore, the Panel denies Corix's proposal to treat the Regulatory Costs Variance Account and Insurance Cost Variance Account as rate base deferral accounts.	25
Therefore, the Panel directs Corix to fully amortize any balance in the Regulatory Costs Variance Account and Insurance Cost Variance Account at the end of the current Test Period over the next test period through adjustments to the Basic Charge.	25
The Panel approves Corix to record $174,091 in the Generic Cost of Capital Variance Deferral Account. Corix is directed to amortize the Generic Cost of Capital Variance Deferral Account balance through a fixed-charge rate rider of $0.0287/$m^2$ per month, titled Rate Rider 1, over a 24-month period, beginning January 1, 2026 and ending December 31, 2027.	27
The Panel directs Corix to report in its next revenue requirement and rates application the forecast residual balance in the Generic Cost of Capital Variance Deferral Account at the end of 2027 and propose an appropriate treatment for any residual balance.	27
The Panel directs Corix to file its next revenue requirement and rates application by no later than November 1, 2027.	30
The Panel approves the forecast revenue requirement set out in Table 1 in Section 2.0, as adjusted for the approved Corporate and Regional Services Costs in Section 2.1.1, for setting Basic Charge rates for the Test Period.	32
The Panel approves Corix to charge a Basic Charge of $0.7580/$m^2$ per month effective January 1, 2025, $0.8717/$m^2$ per month effective January 1, 2026 and $0.9763/$m^2$ per month effective January 1, 2027, as adjusted in accordance with the directives and determinations outlined in this decision, on a permanent basis. For clarity, the adjustment must include reductions in Corporate and Regional Services Costs as set out in Sections 2.1.1 and 3.2.	32

The Basic Charge rates previously approved by Order G-84-15, for the effective period from January 1, 2025 to January 1, 2034, inclusive, are rescinded.	32
Corix is directed to include the following additional information as part of its November 28, 2025 compliance filing pursuant to Section 2.1.1 above: 1. Revised financial model in Excel format and schedules with any applicable adjustments to its revenue requirement, Basic Charge rates, and estimated bill impacts, to reflect the directives and determinations made throughout this decision; 2. Supporting calculations to show the adjustment to the 2025 Basic Charge rate resulting from the difference between interim and permanent rates; and 3. Corresponding tariff pages for BCUC endorsement.	32
The Panel directs Corix to record the variance between the interim and permanent rate as a one-time adjustment in the RDDA following the BCUC's acceptance of the compliance filing.	32
Corix is directed to provide an update on the status of the low carbon energy centre in its next revenue requirement and rates application.	33–34
The Panel directs Corix provide an update on its discussions with UBC regarding the UBC Franchise Fee in its next revenue requirement and rates application.	34
The Panel finds that the financial model accompanying the Application (Exhibit B-1-1), the amended financial model (Exhibit B-8); the list of customers notified of the Application (Exhibit B-2-1); and the unredacted responses to BCUC IR No. 1 (Exhibit B-3-1) and BCUC IR No. 2 (Exhibit B-11-1) contain commercially sensitive information and directs that these documents will be kept confidential unless the BCUC directs otherwise.	35