



**ORDER NUMBER
G-21-25**

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

and

Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

BEFORE:

E. B. Lockhart, Panel Chair
B. A. Magnan, Commissioner

on February 5, 2025

ORDER

WHEREAS:

- A. On November 30, 2023, Wyse Meter Solutions Inc. (Wyse) filed an application (Application) with the British Columbia Utilities Commission (BCUC) seeking, among other things, approval of its rates, tariff, terms and conditions, and submetering systems, as directed by BCUC Order G-168-23. Wyse requested that portions of the Application be held confidential by the BCUC;
- B. By Orders G-1-24, G-92-24, G-140-24, and G-195-24 dated January 4, 2024, March 27, 2024, May 17, 2024, and July 19, 2024, respectively, the BCUC established and furthered a regulatory timetable for review of the Application, which included, among other things, public notice, intervener registration, BCUC and intervener information requests, and final and reply arguments;
- C. On November 27, 2024, the BCUC issued Order G-312-24 that, among other things, directed Wyse to file written submissions with respect to the confidentiality of information contained in the decision accompanying that order (Decision);
- D. On December 11, 2024, Wyse filed its submission on confidentiality; and
- E. The BCUC has reviewed Wyse's submission on confidentiality and considers the following determinations to be warranted.

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

1. The redacted version of the Decision, as attached in Appendix A, is to be made public.

2. The excerpts of exhibits filed confidentially in this proceeding, as attached in Appendix B, are to be made public.
3. All other material filed confidentially in this proceeding and the unredacted version of the Decision will be held confidential, unless otherwise ordered by the BCUC.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of February 2025.

BY ORDER

Electronically signed by Blair Lockhart

E. B. Lockhart
Commissioner

Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

DECISION

1.0 Introduction

On November 30, 2023, Wyse Meter Solutions Inc. (Wyse) filed an application (Application) with the British Columbia Utilities Commission (BCUC) seeking, among other things, approval of its rates, tariff, terms and conditions, and submetering systems, as directed by BCUC Order G-168-23. Wyse requested that the redacted portions of its application be held confidential by the BCUC, as the disclosure of this information could “reasonably be expected to result in undue financial harm or prejudice to the competitive or negotiating position of Wyse in the market for submetering services”.¹

On November 27, 2024, the BCUC issued Order G-312-24 and accompanying decision that, among other things, granted Wyse a Certificate of Public Convenience and Necessity for its existing electricity submetering systems, and approved Wyse’s applied-for rates for the provision of electricity submetering service and rate design (Decision).

In the Decision, the Panel found that further information was required prior to a final determination on confidentiality and directed Wyse to file a written submission regarding any portions of the Decision that should be kept confidential (Confidentiality Submission). The Decision was held confidential pending a final determination on confidentiality.

2.0 Regulatory Framework

The BCUC’s rules respecting confidentiality are set out in Part IV of the BCUC’s Rules of Practice and Procedure (Rules).

Rule 19.01 provides that the BCUC may, with or without a hearing or further process, grant a request for confidentiality on any terms it considers appropriate.

Rule 20.01 provides that the BCUC will have regard to matters that it considers relevant in determining whether to grant confidential treatment, including:

- a) whether the disclosure of the information could reasonably be expected to result in:
 - i. undue material financial loss or gain to a person;
 - ii. significant harm or prejudice to that person’s competitive or negotiating position; or
 - iii. harm to individual or public safety or to the environment;
- b) whether the information is personal, financial, commercial, scientific, labour relations or technical information that is confidential and consistently treated as confidential by the person;
- c) whether the person’s interest in confidentiality outweighs the public interest in the disclosure of the information or documents in the hearing;

¹ Exhibit B-1, p. 1.

- d) whether the person submitting the document has any legal obligation to maintain confidentiality; and
- e) whether it is practicable to hold the hearing in a manner that is open to the public.

Rule 21.02 provides that, if a document is accepted as confidential, the BCUC may make the proposed redacted version of the confidential document publicly available, or may adjust or require the filing party to change the redaction in accordance with what it deems necessary for transparency and public interest.

3.0 Wyse Confidentiality Request

On December 11, 2024, Wyse filed its Confidentiality Submission, including a copy of the Decision with proposed redactions. Wyse requests that the redacted content in the Decision be held confidential as it concerns:²

- Customer-specific information into the scope of service for systems in operation;
- New submetering system capital costs; and
- Detailed cost of service, billing determinants, and rate calculations.

Wyse submits that the proposed redactions to the Decision are entirely consistent with the confidential information provided on the record of the proceeding and will not impede a full understanding of the evidentiary record, the arguments of participants, or the determinations and directives of the Panel.

Wyse submits that details of Wyse's market share in British Columbia, such as the location and number of buildings and the total units served, may be of advantage to competitors in marketing and negotiations, as would disclosure of Wyse's proposed detailed cost of service information, such as new submetering system capital costs, billing determinants, and rate calculations. Wyse raises further concerns over disclosure of its internal financial metrics and targets and its actual debt and equity rates and capital structure, or any information that allows such to be imputed. Wyse submits that these disclosures will directly harm or prejudice its competitive or negotiating position in the market for submetering services portfolio-wide, not just in BC and not necessarily subject to regulation in other jurisdictions.³

Panel Determination

The Panel finds that, subject to the exceptions set out below, the information filed confidentially in the proceeding and proposed for redaction in Wyse's Confidentiality Submission will be held confidential.

The Panel notes that Wyse is the first submetering service provider to be regulated by the BCUC and this is the first systems and rates application for submetering services before the BCUC. The Panel is persuaded that, under these unique circumstances, the information redacted by Wyse in its confidential filings is commercially sensitive, and its disclosure could reasonably be expected to harm Wyse's competitive and negotiating position and ultimately harm Wyse's customers. The Panel recommends that the BCUC continue to monitor the competitiveness of the submetering market and expects that as more regulated public utilities begin providing submetering services in the province, the sensitivity of the information underlying Wyse's rates and submetering systems may decrease such that confidential treatment may no longer be necessary or appropriate.

Notwithstanding the above, certain information redacted in the confidential exhibits and in Wyse's proposed redactions to the Decision is publicly available information and should not be held confidential in this proceeding. This includes the number of buildings at which Wyse provides electricity submetering service, the amount of participant cost award funding that was made available in the Wyse status as a public utility

² Exhibit B-21, p. 1.

³ Exhibit B-21, p. 2.

proceeding, the return on equity of referenced industry segments, and the historical ranges of equity thickness and return on equity of referenced companies.⁴

The Panel considers it appropriate to treat the number of buildings at which Wyse provides thermal submetering systems consistently with that of Wyse's electric systems, and that the potential harm from disclosing this information is limited, because details such as the number of units and Wyse customers in each of these buildings remain confidential.

Further, the Panel considers the benefits of transparency associated with disclosing the titles, column, and row headings of tables 1, 3, 4, and 5 in the Decision outweigh the potential harm to Wyse, because the specific commercial details of the information contained in these tables will remain confidential.

Finally, the Panel is not persuaded that the entirety of certain sentences that have been proposed for redaction in Wyse's Confidentiality Submission should be held confidential. Limiting the redactions to the particular commercially sensitive information contained in these sentences would avoid potential harm while promoting transparency.

Accordingly, the unredacted information contained in the Decision, attached as Appendix A hereto, and the unredacted portions of the exhibits filed confidentially, attached as Appendix B hereto, shall not be held confidential.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of February 2025.

Electronically signed by Blair Lockhart

E. B. Lockhart
Panel Chair/Commissioner

Electronically signed by Bernard Magnan

B. A. Magnan
Commissioner

⁴ See, for example, Decision and Order G-168-23, p. i; BCUC Order F-35-24; Market Data retrieved from <https://www.5iresearch.ca/markets>; Return on Equity by Sector (US) retrieved from https://pages.stern.nyu.edu/%7Eadamodar/New_Home_Page/datafile/roe.html.



ORDER NUMBER
G-312-24

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

and

Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

BEFORE:

E. B. Lockhart, Panel Chair
B. A. Magnan, Commissioner

on November 27, 2024

ORDER

WHEREAS:

- A. On November 30, 2023, Wyse Meter Solutions Inc. (Wyse) filed an application (Application) with the British Columbia Utilities Commission (BCUC), seeking, among other things:
- I. a Certificate of Public Convenience and Necessity (CPCN) pursuant to sections 45 and 46 of the *Utilities Commission Act* (UCA) to install, own, and operate existing and future electricity and thermal energy submetering equipment and operating systems in multi-unit residential and commercial properties throughout British Columbia (BC);
 - II. permanent approval of rates currently filed and endorsed on an interim basis per BCUC Order G-168-23, pursuant to sections 58 to 60 of the UCA, for the provision of electricity submetering service and thermal energy submetering service, effective June 28, 2023;
 - III. interim and subsequent permanent approval of rates, effective January 1, 2024, pursuant to sections 58 to 60 of the UCA, for the provision of electricity submetering service and thermal energy submetering service;
 - IV. exemption pursuant to section 88(3) of the UCA from sections 58 to 60 of the UCA in the matter specifically of the approval of contracted charges for recovery of the capital cost of new submetering systems negotiated between a building owner and Wyse; and
 - V. approval of the BC submetering services tariff, inclusive of the conditions of service, rate schedules and standard charges as set forth in Appendix C of the Application (BC Submetering Services Tariff);
- B. By Order G-1-24, dated January 4, 2024, the BCUC denied Wyse's request for new interim rates effective January 1, 2024, and determined that continuation of the 2023 Rates on an interim basis was warranted;

- C. By Orders G-1-24, G-92-24, G-140-24, and G-195-24 dated January 4, 2024, March 27, 2024, May 17, 2024, and July 19, 2024, respectively, the BCUC established and furthered a regulatory timetable for review of the Application that included public notice, intervener registration, BCUC and intervener information requests, and final and reply arguments; and
- D. The BCUC has reviewed the Application, evidence and arguments filed by all parties in the proceeding and makes the following determinations.

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

1. A CPCN is granted to Wyse for its existing electricity submetering systems, located in the buildings specified in Appendix F of the Application.
2. Wyse's applied-for rates for the provision of electricity submetering service and rate design are approved on a permanent basis for 2023 effective for the period from June 28, 2023 to December 31, 2023 (2023 Rates) subject to the adjustments resulting from the determinations and directives contained in the Decision.
3. Wyse's applied-for rates for the provision of electricity submetering service and rate design are approved on a permanent basis for 2024 effective January 1, 2024 (2024 Rates) subject to the adjustments resulting from the determinations and directives contained in the Decision.
4. Wyse is directed to recalculate its revenue requirements and rates based on the Panel's determinations and directives in the Decision and to file these in a compliance filing with the BCUC (Compliance Filing) within 30 days of the date of this order.
5. Wyse is directed to refund or recover the difference between the rates approved on a permanent basis and the rates approved on an interim basis by Order G-168-23 with interest calculated at the average prime rate of Wyse's principal bank for its most recent fiscal year as a bill adjustment(s) within three months of the date of this order. Wyse is directed to include in the Compliance Filing, the amounts to be refunded or recovered and the timing.
6. Wyse is directed to establish the Regulatory Cost Deferral Account as a non-rate base deferral account to capture certain costs related to Wyse's electricity submetering service, effective June 28, 2023, in accordance with the determinations set out in section 5.2 of the Decision.
7. Wyse is approved to establish the Ongoing Regulatory Cost Deferral Account as a non-rate base deferral account to capture the variances between forecast and actual regulatory costs related to Wyse's electricity submetering service, effective January 1, 2024, in accordance with the determinations set out in section 5.3 of the Decision.
8. Wyse is approved to establish the Bad Debt Deferral Account as a non-rate base deferral account to capture the variances between forecast and actual bad debt expenses related to Wyse's electricity submetering service, effective January 1, 2024, in accordance with the determinations set out in section 5.4 of the Decision.

9. Wyse is directed to administer the flow-through of any BC Hydro rate riders and one-time bill credits as follows:
 - a. For BC Hydro rate riders, as amended in the BC Hydro tariff and applicable to RS 1121 energy rates, Wyse is to file amended tariff pages reflecting the rate rider(s) within 30 days of BC Hydro's effective date for the amendment.
 - b. For one-time BC Hydro credits applied by BC Hydro at the building level, Wyse is to apply to the BCUC to flow through any BC Hydro credits within 30 days of BC Hydro's effective date for the one-time credit.
10. Wyse is directed to file with the BCUC, within 30 days of the date of this order, updated tariff pages in accordance with the determinations set out in section 7.1 of the Decision and reflecting the permanent 2023 Rates and 2024 Rates.
11. Wyse is directed to file the following information with the BCUC within 30 days of signing a submetering agreement with the building owner for an electricity submetering system:
 - a. the location and building address,
 - b. the number of submetered units, and
 - c. the in-service date (actual or estimated).
12. Wyse is directed to file written submissions within 14 days of the issuance of this order, with respect to the confidentiality of information contained in the Decision, in accordance with the determinations set out in section 7.4 of the Decision. The Decision will be held confidential pending a final determination on confidentiality in this proceeding.
13. Wyse is directed to comply with all other directives set out in the Decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of November 2024.

BY ORDER

Electronically signed by Blair Lockhart

E. B. Lockhart
Commissioner

Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

DECISION

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Executive Summary

On November 30, 2023, Wyse Meter Solutions Inc. (Wyse) filed an application (Application) with the British Columbia Utilities Commission (BCUC) seeking, among other things, approval of its rates, tariff, terms and conditions, and submetering systems, as directed by BCUC Order G-168-23.

Wyse is an Ontario-based submetering service provider that installs and operates submeters to measure electricity and/or thermal energy consumption, among other things,¹ in individual units of multi-residential buildings downstream of the bulk meter. Wyse serves 14 buildings in British Columbia (BC) with electricity submetering, another four buildings with thermal energy submetering, and has been operating in BC since 2016.² In June 2023, by Order G-168-23, the BCUC determined that Wyse's operations fell within the definition of a "public utility" under the *Utilities Commission Act* (UCA) and directed Wyse to apply for all required regulatory approvals. This is the first submetering service application to be considered by the BCUC.

As a threshold issue, the Panel finds that Wyse is a thermal energy system (TES) provider and meets the criteria for the Micro TES exemption for its four thermal energy submetering systems. As such, with the exception of sections 42, 43, and 44, Wyse is exempt from regulation under Part 3 of the UCA for these systems and its existing thermal submetering services need not be considered any further in this decision.

The Panel approves Wyse's request for a Certificate of Public Convenience and Necessity (CPCN) for its existing electricity submetering systems but denies the request for a broadly applicable CPCN to proceed with future submetering systems projects. Instead, the Panel finds that exempting Wyse from section 45 of the UCA for future electricity submetering systems is warranted.

Wyse seeks rate approval for the period from June 28, 2023 to December 31, 2024 to recover service and administration expenses, regulatory costs related to the BCUC's proceeding on Wyse's public utility status and the development and review of the Application, regulatory administration expenses related to supporting ongoing regulatory matters, bad debt expenses, and energy costs. Subject to adjustments in a compliance filing as directed in this decision, the Panel approves Wyse's applied-for rates for the provision of electricity submetering service and rate design on a permanent basis for 2023 effective for the period from June 28, 2023 to December 31, 2023 and for 2024 effective January 1, 2024. Wyse is directed to refund or recover the difference between the interim and permanent rates with interest within three months of this decision and to include in the compliance filing the amounts to be refunded or recovered and the timing.

The Panel denies Wyse's request to include certain actual regulatory costs in rate base and instead directs Wyse to establish a non-rate base deferral account, the Regulatory Cost deferral account effective June 28, 2023, subject to adjustments directed in this decision (with the application of carrying costs at Wyse's Weighted Average Cost of Capital), to capture the regulatory costs incurred in the proceeding on Wyse's public utility status and this proceeding. The Panel approves an Ongoing Regulatory Cost deferral account, to capture the variances between forecast and actual regulatory costs, and a Bad Debt deferral account, to record the variance between forecast and actual bad debt expenses, effective January 1, 2024 (with the application of carrying costs at Wyse's Weighted Average Cost of Debt).

The Panel approves, subject to amendments as directed by this decision, Wyse's BC submetering services tariff, including the conditions of service, rate schedules and standard charges. The Panel directs Wyse to administer the flow-through of any BC Hydro rate riders and one-time bill credits. The Panel denies Wyse's request for

¹ Wyse also provides submetering services in BC for water and sewer. These utilities fall outside of the BCUC's mandate and are not addressed in this decision.

² Exhibit B-1, p. 3.

exemption of the capital cost charge for new submetering systems because the interests of the parties negotiating this capital cost, Wyse and the building owner, might not be aligned with the interests of ratepayers.

1.0 Introduction

1.1 Background

Wyse Meter Solutions Inc. (Wyse) is an Ontario-based submetering service provider that installs and operates submeters to measure electricity and/or thermal energy consumption³ in individual units of multi-residential buildings, such as apartment rental units and condo units, downstream of the bulk meter. Wyse has been offering submetering services in British Columbia (BC) since 2016.⁴

In June 2023, the British Columbia Utilities Commission (BCUC) determined that Wyse's operations fell within the definition of a "public utility" under the *Utilities Commission Act* (UCA). The rates Wyse was charging its customers were set as interim (2023 Interim Rates), and Wyse was directed to file the following:

- interim tariff pages reflecting the 2023 Interim Rates; and
- an application seeking all required regulatory approvals for its rates, electric tariff, general terms and conditions, and operating system (Application).⁵

The BCUC received Wyse's interim tariff pages on July 28, 2023, and the Application followed on November 30, 2023. This is the first submetering service application to be considered by the BCUC.

1.2 Application and Approvals Sought

Wyse filed the Application pursuant to sections 45 to 46, 58 to 60, and 88 of the UCA. Wyse seeks a Certificate of Public Convenience and Necessity (CPCN) for the electric and thermal submetering systems now in operation, approval of its proposed rates and terms of service, and a limited exemption from sections 58 to 60 of the UCA for the recovery in rates of the capital cost of electricity submetering systems that it acquires for new submetering contracts. Further, Wyse requests new interim rates effective January 1, 2024.⁶

More specifically, Wyse requests:⁷

- a CPCN pursuant to sections 45 and 46 of the UCA to install, own, and operate existing and future⁸ electricity and thermal energy submetering equipment and operating systems in multi-unit residential and commercial properties throughout BC;
- permanent approval of the 2023 Interim Rates, pursuant to sections 58 to 60 of the UCA, for the provision of electricity submetering service and thermal energy submetering service, effective June 28, 2023;
- interim and subsequent permanent approval of rates, effective January 1, 2024, pursuant to sections 58 to 60 of the UCA, for the provision of electricity and thermal submetering service;

³ Wyse also provides submetering services in BC for water and sewer. These utilities that fall outside of the BCUC's mandate and are not addressed in this decision.

⁴ Exhibit B-1, p. 3.

⁵ Wyse Meter Solutions Inc. Status as a Public Utility Decision and Order G-168-23, pp. 32–33.

⁶ Exhibit B-1, pp. 1, 5.

⁷ Exhibit B-1, pp. 4–5.

⁸ In this proceeding, Wyse describes the CPCN request for future systems in words such as "overall project", "on a go-forward basis", "broadly applicable" or "as may be facilitated through an order exempting Wyse." Interveners use the word "blanket." See, for example, Exhibit B-1, pp. 1, 4, 11, 14, Wyse Final Argument, footnote 12, RCIA Final Argument p. 12.

- exemption pursuant to section 88(3) of the UCA from sections 58 to 60 of the UCA specifically for the approval of contracted charges for the recovery of the capital cost of new submetering systems negotiated between a building owner and Wyse;
- approval of a Regulatory Cost Deferral Account (RCDA) on an ongoing basis to capture the annual variance between forecast and actual third-party costs relating to regulatory filings and proceedings required under the UCA;
- approval of a Bad Debt Deferral Account (BDDA) to capture the annual variance between forecast and actual bad debt expenses in BC; and
- approval of the BC submetering services tariff, including the conditions of service, rate schedules and standard charges as set forth in Appendix C of the Application (BC Submetering Services Tariff).

1.3 Regulatory Process

On January 4, 2024, the BCUC established a hearing and regulatory timetable to review the Application. The regulatory timetable included public notice, intervener registration, and one round of information requests (IR). The timetable was amended to allow for the issuance of a second round of IRs, as well as Panel IRs.⁹

The Residential Consumer Intervener Association (RCIA), British Columbia Old Age Pensioners' Organization et al. (BCOAPO), and British Columbia Hydro and Power Authority (BC Hydro) registered as interveners in the proceeding. One letter of comment was received from Metergy Solutions Inc. (Metergy), a submetering services provider.

Coincident with establishing the hearing, the BCUC denied Wyse's request for approval of new interim rates effective January 1, 2024.¹⁰ Therefore, the 2023 Interim Rates remain in effect pending further determination by the BCUC, i.e. this decision, with any variance between the 2023 Interim Rates and permanent rates to be refunded to or collected from customers with interest calculated at the average prime rate of Wyse's principal bank for its most recent fiscal year.¹¹

1.4 Decision Framework

The Panel addresses the issues arising in the Application as follows. Section 2.0 summarizes Wyse's submetering operations in BC for both thermal energy and electricity. There are separate regulatory requirements for thermal energy systems (TES), and as a threshold matter in Section 3.0, the Panel's review finds that Wyse's existing thermal energy submetering services qualify for exemption from aspects of BCUC regulation. The issues in the remainder of this decision therefore relate specifically to Wyse's electricity submetering:

- Section 4.0 reviews Wyse's CPCN requests.
- Section 5.0 reviews Wyse's revenue requirements, rate design, rates, proposed deferral accounts, and capital cost.
- Section 6.0 reviews Wyse's proposal to flow through electricity energy charges.
- Section 7.0 addresses other matters arising in this proceeding, including Wyse's BC Submetering Services Tariff, terms and conditions, standard charges and fees, Wyse's request for a limited exemption for the recovery of rates related to the capital cost of new submetering systems, alternative approaches to rate setting, and confidentiality.

⁹ BCUC Order G-1-24, dated January 4, 2024; BUC Order G-92-24, dated March 27, 2024; BCUC Order G-113-24, dated April 16, 2024; BCUC Order G-140-24, dated May 17, 2024.

¹⁰ BCUC Order G-1-24, dated January 4, 2024.

¹¹ BCUC Order G-1-24, Reasons for Decision, p. 3.

2.0 Wyse's Operations in BC

Wyse's operations in BC are located exclusively in multi-residential occupancy buildings. Wyse explains that it is typically awarded submetering contracts through a competitive bid process. Property owners or corporations select Wyse as their provider under negotiated rates for the recovery of system costs according to Wyse's Submetering Agreement. Wyse states that it generates bills monthly based on rates and standard charges as agreed under contract or otherwise approved.¹²

A submetering system, as described by Wyse, includes all cables, wiring, conduit, panels, meters, monitors, plans, signage, equipment space, transmitters, communications equipment and any other equipment, fixtures and items as Wyse deems necessary. All electricity meter types use current transformers that sit over the secondary wires supplying the suite. Current transformers are wired to the meter panel where the suite consumption is measured. Thermal energy submeters are installed in heat exchange units within the suite.¹³

Meter reads are collected electronically by the submetering system and transmitted via a cellular or internet connection to Wyse on a daily basis where they are stored and uploaded for billing.¹⁴

Wyse serves several properties with electricity submetering in Burnaby, West Vancouver, Victoria, West Kelowna, and Vernon (Existing Electricity Submetering Systems). The number of residential units with Wyse submeters operating in these buildings ranges from 34 to 180 units, for a total of [REDACTED] electric customers served by Wyse at the time of Application.¹⁵

Wyse also provides thermal energy submetering services to four properties in Vancouver and North Vancouver, none of which receive Wyse's electricity submetering service. The number of residential units with Wyse submeters operating in these four buildings ranges from 70 to 174 units for a total of [REDACTED].¹⁶

3.0 Is Wyse Eligible for a Class of Persons Exemption?

The first issue to consider is whether Wyse's thermal energy submetering service qualifies for exemption from aspects of BCUC regulation. If so, then it is not necessary for the Panel to address some aspects of the Application.

Under the UCA, a TES provider (TES Provider) is considered a public utility. However, certain TES Providers are exempt from certain provisions of the UCA. The BCUC Thermal Energy Systems Regulatory Framework Guidelines issued in 2015 (TES Guidelines)¹⁷ provide a scaled approach to the regulation of TES, with increased regulatory oversight as the size and scope of the TES increases. Three categories of TES are eligible for exemption: Micro TES, Strata TES, and Stream A TES (together, the TES Exemptions).¹⁸

The TES Guidelines explain the TES Exemptions and the regulatory framework in effect for TES. The TES Guidelines include sections describing what constitutes a TES, as well as a TES Provider, and define these terms as follows:¹⁹

¹² Exhibit B-1, pp. 3, 21–22, Appendix D.

¹³ Exhibit B-1, pp. 22, 25.

¹⁴ Exhibit B-1, p. 26.

¹⁵ Exhibit B-1-1, pp. 4, 27.

¹⁶ Exhibit B-1-1, pp. 4, 28, 40; Exhibit B-7, BCOAPO IR 7.1.

¹⁷ BCUC - Thermal Energy Systems Framework, Revisions to the Thermal Energy Systems Regulatory Framework Guidelines, Order G-27-15 dated March 2, 2015, (TES Guidelines) pp. 2–3.

¹⁸ See BCUC Orders G-119-14, G-120-14, and G-121-14.

¹⁹ TES Guidelines, p. 1.

A **Thermal Energy System** consists of equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of heat, hot water and/or cooling from one or more thermal energy sources and through a distribution system [...] A TES may include plant, equipment, distribution piping, apparatus, property and facilities employed by or in connection with the provision of thermal energy services.

A **TES Provider** is a person who owns and/or operates a Thermal Energy System.

The definitions of a TES and TES Provider are closely aligned with the definition of a public utility, which is defined in section 1 of the UCA, in part, as:²⁰

a person, or the person's lessee, trustee, receiver or liquidator, who owns or operates in British Columbia, equipment or facilities for [...] the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for the public or a corporation for compensation...

The BCUC has set out the specific capital cost thresholds and other eligibility criteria for the TES Exemptions in the TES Guidelines. With respect to Micro TES, the TES Guidelines state that a “TES with an Initial Capital Cost that is less than \$500,000 is considered a Micro TES and is exempt from active regulation, including the requirement for a CPCN and Commission oversight of rates.”²¹

Capital cost is defined in the TES Guidelines as the cost to construct the TES, which is the cost to acquire the physical components at the time the TES is constructed. The TES Guidelines recognize that there may be ambiguities in a determination of the cost to construct, and state that:²²

In cases such as these, including cases where the original cost is not easily available, the utility is expected to use its best efforts to determine the construction cost. The construction cost should reflect the cost to acquire the physical components at the time the TES is constructed along with all costs that are incurred to install the components and ensure that they operate correctly at the time of commissioning.

Under the UCA, a TES Provider is considered a public utility and is subject to regulation by the BCUC. However, a Micro TES provider is exempt from regulation under Part 3 of the UCA except for section 42 (Duty to obey orders), section 43 (Duty to provide information) and section 44 (Duty to keep records).²³

Wyse states that it owns the submetering equipment in one of the four buildings where it operates and the capital cost of that system is [REDACTED]

Wyse estimates that the capital cost of a new thermal submetering system is in the range of [REDACTED]. Wyse indicates that it does not own the thermal submetering system equipment in the other buildings that it serves, and that it is unable to provide the capital cost of these systems.²⁴

Wyse submits that it is not a TES Provider and that the TES Guidelines do not apply to it, for the following reasons:²⁵

- Wyse does not produce thermal energy, does not own any equipment that generates or stores thermal energy, and does not transmit or deliver thermal energy. Wyse’s ownership of equipment is limited to

²⁰ UCA, s. 1.

²¹ TES Guidelines, p. 7.

²² TES Guidelines, p. 3.

²³ TES Guidelines, pp. 2, 8–9; BCUC Order G-119-14, dated August 27, 2014.

²⁴ Exhibit B-4, BCUC IR 1.2; Exhibit B-19-1, Panel IRs 1.1.1 and 1.1.2.1; Exhibit B-1-1, Table 6, p. 28.

²⁵ Exhibit B-19, BCUC IR 1.1, pp. 1–3.

the meters. The thermal equipment and facilities may be owned by a building, a strata, or a central district heating authority;

- As a submetering provider, Wyse uses the readings from its meters to bill unit holders based on rates for thermal energy service provided by building owners. Wyse acts as contractor hired by the building owner to recover the cost of the TES on its behalf. To recover the cost of billing operations and maintenance of the submetering service, Wyse charges end-users a service and administration fee; and
- The meters have no impact on the functionality of a TES or the provision of thermal energy. Wyse notes that technologically it does not have the means to interrupt thermal service for non-payment, and its collection activities follow standard practice short of interrupting thermal service.

Positions of the Parties

Metergy holds the opposite view to Wyse and submits the following points in support of its position that Wyse is a TES Provider:²⁶

- the definitions of public utility and a TES Provider are so closely aligned that Wyse’s submetering services cannot be classified as a public utility without also being considered a TES Provider;
- Wyse owns or operates equipment intrinsic to the sale, delivery or provision of heat, hot water and/or cooling;
- the TES Guidelines state that the TES may include equipment “employed by or in connection with the provision of thermal energy services”, which is broader than the public utility definition in the UCA, and supports that submeters are included; and
- while the TES Guidelines lack the “for compensation” requirement (as compared to the definition of a public utility), this makes the TES Guidelines broader than the definition of “public utility”, not narrower.

Metergy notes that, as Wyse acknowledges, in holding that Wyse’s electricity submetering business met the definition of “public utility”, the Reasons for Decision accompanying Order G-168-23 found Wyse’s submetering system was an “intrinsic part” of the “sale”, “delivery” and “provision” of electricity, because without Wyse, “there cannot be ‘sale, delivery or provision’ of electricity to the unit holder”.²⁷ Metergy submits that to the extent this factor remains true for Wyse’s thermal submeters (e.g., there cannot be sale, delivery or provision of thermal energy under a TES without them), and therefore brings the operation of Wyse’s TES submeters into the definition of “public utility”, the same would also be true for the definition of TES Provider. In both cases, Wyse would be owning or operating equipment intrinsic to the sale, delivery or provision of heat, hot water and/or cooling.²⁸

In Metergy’s view, “[t]here is no daylight between the two definitions to allow Wyse’s TES submeters to meet the definition of ‘public utility’ but to not be a TES Provider.”²⁹

Panel Determination

The Panel finds that Wyse is a TES Provider. Wyse focuses primarily on the physical production of thermal energy by a TES, whereas the definition of TES Provider in the TES Guidelines is much broader and may include “...plant, equipment, distribution piping, apparatus, property and facilities employed by or in connection with the provision of thermal energy services.”³⁰ (emphasis added)

²⁶ Exhibit D-1, pp. 1–3.

²⁷ Exhibit D-1, p. 3.

²⁸ Exhibit D-1, pp. 2–3.

²⁹ Exhibit D-1, p. 3.

³⁰ TES Guidelines, p. 1.

As Metergy notes, Wyse's thermal submetering systems are equipment, apparatus, or facilities that are employed by or in connection with the provision of thermal energy services in the buildings in which Wyse operates. This is the case regardless of whether the thermal energy is produced, generated, stored, transmitted, delivered, or provided by equipment or facilities upstream of Wyse's submetering system. This is analogous to Wyse being an electric public utility, despite BC Hydro owning and operating the electrical generation equipment used to produce the electricity ultimately used by Wyse's customers.

The question now becomes whether, as a TES Provider, Wyse is exempt from regulation pursuant to the TES Exemptions. The capital cost of the one thermal submetering system that Wyse owns and operates is [REDACTED]. Further, while Wyse is unable to provide actual cost for the other systems it operates, the upper bound of Wyse's estimate for new thermal submetering systems [REDACTED] – far below the \$500,000 threshold established for Micro TES in the TES Guidelines. As such, it is reasonable for the Panel to conclude that the capital cost of the other systems does not exceed \$500,000.

Accordingly, the Panel finds that Wyse meets the criteria for the Micro TES exemption for its four thermal energy submetering systems and pursuant to order G-119-14 is exempt from regulation under Part 3 of the UCA for this aspect of its public utility operations, with the exception of sections 42, 43, and 44.

Consequently, the Panel does not need to consider Wyse's request for CPCN, rates, and other BCUC approvals for its existing thermal submetering services any further in this decision. The Panel encourages Wyse to review the TES Guidelines prior to acquiring or initiating construction of new thermal energy submetering systems because not all systems may be eligible for exemption from regulation.³¹

4.0 CPCN Request for Submetering Systems

Wyse requests approval of a CPCN, pursuant to sections 45 and 46 of the UCA, to install, own, and operate existing and future submetering equipment and operating systems in multi-unit residential and commercial properties throughout BC. Wyse requests that the BCUC: (1) accept and approve that the public convenience and necessity requires the continued operation of its in-service submetering systems, and (2) grant Wyse a broadly applicable CPCN for future submetering systems, or exempt Wyse from the need for such approvals.³²

Wyse submits that the capital cost of an electricity submetering system, which may be in the range of [REDACTED], is significantly lower than the thresholds the BCUC has set for regulating certain public utilities, such as TES where, for example, Order G-119-14 grants exemptions for TES with capital costs of \$500,000 or less.³³

Further, Wyse states that the information it has provided is consistent with the BCUC CPCN Guidelines as they may apply to a submetering system application, but that certain of the guidelines are not suited to Wyse's circumstances. For example, whereas a building owner has alternatives by which to measure the supply of utilities to a unit in a multi-unit property, although the CPCN Guidelines require an applicant to outline the alternatives to a project (bulk meter, individual unit meters, or submeters), Wyse is limited to submeters. Further, limited submetering equipment is available with Measurement Canada approval. Therefore, Wyse

³¹ We note that the TES Guidelines are currently under review by the BCUC in a separate proceeding, and that the eligibility requirements and scope of exemption applicable to future Wyse TES systems may differ from today's. Some may not be eligible.

³² Exhibit B-1, p. 1, Exhibit B-3, BCUC IR 2.3, Attachment BCUC IR 2.3 – Draft Section 88(3) Exemption Order – Section 45 Example.

³³ Exhibit B-1-1, p. 17; Exhibit B-3, BCUC IR 2.1.

submits that defining a preferred system and configuration among alternatives is not an applicable construct to support review by the BCUC.³⁴

In support of its request for approval of a CPCN for its existing systems, Wyse submits that submetering encourages end-users to become more energy conscious and enables direct control of consumption, improving fairness in cost allocation between users. The price signal attached to actual usage provides transparency and an incentive to conserve through energy saving practices and investment in energy efficient technologies. Further, lower consumption leads to a smaller carbon footprint in alignment with environmental and sustainability goals that may be sought by individuals and corporations.³⁵

Wyse submits that the public interest is served by allowing it to continue to provide submetering services, now as a regulated public utility. Wyse notes that no existing end-use customer has indicated they prefer otherwise. Further, Wyse submits that it would be unfair to deny it the ability to continue to serve its customers where the alternative for those customers, if Wyse is denied a CPCN and has to shut down its operations in BC, is that another unregulated submetering entity would step in to fill Wyse's position.³⁶

Wyse also submits that the public interest would be served by not requiring it to file CPCN applications for its future systems. Wyse states that it is targeting the addition of between four and seven new³⁷ submetering systems (buildings) per year over the next five years, on average. Wyse states that installing submeters requires no changes to existing electrical distribution. Each installation is similar, the only difference being the number of meters installed, which affects the project's capital cost. Filing a CPCN application for each new building or system would not be practical, would frustrate competitive market mechanisms, and would create significant regulatory burden for Wyse. Wyse estimates the costs to prepare, file and review a CPCN application could be in the range of \$10,000 to \$20,000.³⁸

Wyse acknowledges that a CPCN exemption could be considered as an alternative regulatory framework in this proceeding and submits that such an exemption, pursuant to section 88(3) of the UCA would be in the public interest. Wyse submits that the substantive outcome of such an exemption would be the same as a broadly applicable CPCN approval.³⁹

In addition, Wyse submits that the annual reporting stipulated in Order G-168-23 and the information that Wyse may provide in support of future rate applications will continue to provide a reasonable degree of oversight of Wyse submetering systems.⁴⁰

Positions of the Parties

BCOAPo and RCIA both support granting a CPCN to Wyse for its existing submetering systems. RCIA expresses concern with the transparency of arrangements underlying previous investments and notes that Wyse, as a newly regulated utility, is requesting a retroactive CPCN for prior investment. However, RCIA questions whether another utility could take over submetering from Wyse due to contractual agreements between Wyse and building owners and submits that CPCN approval is reasonable to ensure Wyse's service to customers continues and to bring these systems under regulation.⁴¹

³⁴ Exhibit B-1, pp. 21, 24.

³⁵ Exhibit B-1, pp. 19–20.

³⁶ Wyse Final Argument, p. 6.

³⁷ Wyse Final Argument, footnote 19, p. 7, Wyse clarifies that “new” would include any existing system owned by a building owner or other third-party that Wyse undertakes to purchase, own and operate.

³⁸ Exhibit B-1, p. 12; Exhibit B-3, BCUC IRs 2.1, 2.1.2, and 2.3.

³⁹ Exhibit B-3, BCUC IR 2.3; Wyse Final Argument, footnote 9, p. 3.

⁴⁰ Exhibit B-1, p. 12.

⁴¹ RCIA Final Argument, pp. 9–10; BCOAPo Final Argument, p. 35.

Conversely, BCOAPO and RCIA oppose granting a blanket CPCN for future submetering systems. Both interveners argue that the presence of a competitive market for submetering services is not sufficient to ensure reasonable capital costs are negotiated or ratepayers are protected, because the interests of Wyse and building owners are fundamentally different from the interests of ratepayers.⁴²

RCIA submits that any oversight of future capital investment should rest with the BCUC, and that a streamlined or simplified CPCN process could be appropriate. RCIA suggests that filings could be relatively brief (with template requirements to be determined by the BCUC) and the BCUC could review and approve these on an interim basis. Final review and approval of amounts for addition to rate base would then be done in the next rate proceeding. RCIA argues that this would minimize the regulatory burden to Wyse and the regulatory costs to ratepayers, while ensuring the capital costs are reasonable and transparent.⁴³

BCOAPO argues that BCUC oversight of all future submetering systems and corresponding capital investments is necessary, and it supports RCIA's proposal for a streamlined/simplified CPCN filing process.⁴⁴

In reply, Wyse states that RCIA has not explained its specific concerns with the transparency of previous investments and submits that contracts for service are negotiated with building owners in good faith within a competitive framework. Wyse states that the public interest is enforced by the competitive market and the demand for service by building owners. In addition, Wyse submits the proposed streamlined CPCN filing process would impose unnecessary and excessive regulatory burden and cost.⁴⁵

Panel Determination

The Panel grants a CPCN to Wyse for its Existing Electricity Submetering Systems, located in the buildings specified in Appendix F of the Application.

The Panel is persuaded by the facts that building owners have entered into long-term commercial submetering agreements, that Wyse has been operating in BC since 2016, and that it currently offers electricity submetering services in 14 buildings throughout the province all amount to evidence of market demand for submetering services to multi-unit buildings. Further, we note Wyse's submetering systems may offer benefits not available with bulk electric metering, such as encouraging more efficient energy consumption.

The Panel accepts that there are no practical alternatives to Wyse's submeters now in operation. As RCIA points out, it would be challenging to remove Wyse as service provider in these buildings due to the contractual obligations with building owners. **Accordingly, the Panel finds that Wyse has established the need for the Existing Electricity Submetering Systems and that public convenience and necessity require the systems.**

With regard to future submetering systems, however, **the Panel denies Wyse's request for a CPCN for the electricity submetering systems that Wyse acquires in the future. We find instead, for reasons outlined below, that an exemption from section 45 of the UCA for electricity submetering systems that Wyse acquires or constructs subsequent to the date of this decision is warranted (CPCN Exemption).**

Wyse recognizes, as outlined in the Application, that it requires a CPCN, pursuant to sections 45 and 46 of the UCA, to install, own, and operate future electricity submetering equipment and operating systems in multi-unit residential and commercial properties throughout BC. Given the estimated capital cost that Wyse would incur to acquire or construct and operate a submetering system is in the range of [REDACTED], the Panel accepts that filing a CPCN application for each new system, at an estimated cost of \$10,000 to \$20,000, would impose

⁴² BCOAPO Final Argument, pp. 7, 35; RCIA Final Argument, pp. 10, 12.

⁴³ RCIA Final Argument, p. 28.

⁴⁴ BCOAPO Final Argument, p. 7.

⁴⁵ Wyse Reply Argument, pp. 4, 8.

unnecessary regulatory burden and cost, at the expense of ratepayers. Therefore, the Panel considers Wyse's request that the BCUC either grant a broadly applicable CPCN for future submetering systems, or grant the CPCN Exemption from the need for such approvals, to be plausible alternatives.

Of these two alternatives the Panel considers an exemption from the requirement to obtain a CPCN for each new electricity submetering system to be better suited to Wyse's circumstances. The CPCN Exemption means that Wyse can install electricity submetering systems without the need to file a CPCN for each new system, unless the BCUC orders otherwise by lifting the exemption. By contrast, granting a broadly applicable CPCN now requires the Panel to conclude that Wyse's future electricity submetering systems are necessary for the public convenience and properly conserve the public interest. The Panel is not persuaded that there is sufficient evidence at this time to justify that conclusion.

Under section 88(3) of the UCA, the BCUC may, with the advance approval of the Minister responsible for the administration of the *Hydro and Power Authority Act*, exempt a person from any or all provisions of the UCA on conditions the BCUC considers advisable.

The BCUC set out the following test for considering whether an exemption under section 88(3) is warranted in the reasons for decision issued for the Canal Plant Agreement Exemption:⁴⁶

A section 88(3) exemption order should be issued, with the advance approval of the LGIC [Lieutenant Governor in Council], when such exemption serves the objects and purposes of the [UCA] and it is in the public interest to do so.

The BCUC's AES Inquiry Report reminds us that regulation imposes costs on the utility and its ratepayers, and of the importance of balancing regulation with the need to protect the interests of ratepayers. The BCUC found that the form of regulation to be used should be driven by two key principles: to use the least amount of regulation needed to protect the ratepayer and the benefits of regulation should outweigh the costs.⁴⁷

The Panel recognizes the concerns raised by RCIA and BCOAPO that a competitive submetering marketplace and negotiated long-term agreements between Wyse and building owners may be insufficient to fully address the risk of inappropriate capital investments by Wyse. The recommended CPCN Exemption does not exempt Wyse from filing revenue requirement and rate design applications, and therefore the Panel is satisfied that it achieves an appropriate balance of regulation and protecting ratepayers. The Panel considers, however, that the BCUC's continued regulation of rates will be an effective approach to managing this risk. With this and other forms of regulation, for example complaints, the BCUC could amend the CPCN Exemption granted if required.

The Panel considers that Wyse should report to the BCUC regarding new submetering systems, allowing the BCUC to remain apprised of Wyse's planned developments, including system acquisitions. The report itself would be for information and not subject to BCUC approval.

As such, the Panel concludes that, pursuant to section 88(3) of the UCA, an exemption from BCUC regulation under section 45 of the UCA for its future electricity submetering systems serves the objects and purposes of the UCA and is in the public interest.

The Panel directs that within 30 days after signing a submetering agreement with the building owner for an electricity submetering system, Wyse is to file with the BCUC the following:

⁴⁶ FortisBC Inc., An Application by FortisBC Inc. for an Exemption from the Act regarding the Canal Plant Agreement Subagreement, Order G-41-06 dated April 7, 2006, Appendix A, p. 6.

⁴⁷ Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Inquiry Report), p. 18.

- the location and building address,
- the number of submetered units, and
- the in-service date (actual or estimated).

Separate from this decision the BCUC will seek the advanced approval from the minister to grant the CPCN Exemption pursuant to section 88(3) of the UCA.

For clarity, the Panel does not intend the CPCN Exemption to apply to Wyse’s future thermal submetering systems. We consider the scaled regulatory framework that the BCUC has established for TES to be appropriate for governing future Wyse thermal systems.

5.0 Revenue Requirements, Rates, and Rate Design

Wyse is seeking approval of the rates for the provision of electricity submetering service, for the period from June 28, 2023 to December 31, 2024 (Test Period). Specifically, Wyse requests approval of rates to recover the following costs:⁴⁸

1. Costs related to the delivery of its service: service and administration expenses, regulatory costs related to the BCUC’s proceeding on Wyse’s public utility status and the development and review of the Application, regulatory costs related to ongoing regulatory matters, and bad debt expenses; and
2. Energy costs.

Wyse also seeks exemption from sections 58 to 60 of the UCA in the matter specifically of the BCUC approving a rate for recovery of the capital cost of new submetering systems.⁴⁹

The proposed rates effective from June 28, 2023 to December 31, 2023 and the proposed rates, effective January 1, 2024 are set out in the rate schedules contained in Appendices B and C of the Application, respectively. These rate schedules do not include charges for the recovery of the capital costs of submetering systems because Wyse had previously written off the net book value of the assets for cost allocation and recovery purposes.⁵⁰

The BCUC approved 2023 Interim Rates, effective June 28, 2023, which reflect the rates that Wyse was charging its customers at that time. The BCUC also directed that any differences between the 2023 Interim Rates, and permanent rates, once approved by the BCUC, be refundable or recoverable with interest.⁵¹

The cost of service for 2023 and 2024 rate setting is summarized in Table 1 below:

⁴⁸ Exhibit B-1, Section 5.1.1, p. 39.

⁴⁹ Exhibit B-1, pp. 16.

⁵⁰ Exhibit B-1, Section 5.1.1, pp. 39–40, Section 5.3.1, p. 51.

⁵¹ Decision and Order G-168-23, p. 33.

Table 1: Electricity Cost of Service – 2023 and 2024⁵²

Component	2023 (Actuals) (\$)	2024 Test Year (Forecasts) (\$)
Depreciation		
Return on Capital		
Income Tax Provision		
Service and Administration		
Regulatory Administration		
Bad Debt		
Total Cost of Service		

Wyse seeks approval of rates on a permanent basis for Wyse’s provision of electricity submetering service for the period from June 28, 2023 to December 31, 2023 (2023 Rates). The 2023 Rates and rate design are summarized in Table 2 below. Wyse states the 2023 Rates were structured under contract and outside of a regulated framework but are observed to be reasonably indicative of the cost of service to existing customers in 2023.⁵³

Table 2: Proposed Rates and Rate Design for Electricity Submetering Service – 2023⁵⁴

Charge	Proposed 2023 Rates
Basic	21.10 cents per day
Regulatory Administration	\$0.61 per bill
Bad Debt Recovery	\$0.49 per bill
Minimum Charge	21.10 cents per day Equal to the Basic Charge

Wyse seeks approval of rates for its provision of electricity submetering service, effective January 1, 2024 (2024 Rates), which are expressed as a cost per unit per month, determined by dividing the forecast cost of service by the number of submetering units and 12 months. In Wyse’s view, expressing the charge as \$/unit/month is a simple and practical approach.⁵⁵

Based on the forecast total cost of service of [REDACTED], the proposed 2024 Rates and rate design for Wyse’s provision of electricity submetering service are summarized in Table 3 below:

⁵² Exhibit B-4, BCUC IR 5.1; Exhibit B-1-1, Section 5.2.7, p. 50.

⁵³ Exhibit B-1 Section 5.3.1, p. 51.

⁵⁴ Exhibit A-2, p. 2.

⁵⁵ Exhibit B-3, BCUC IR 12.1

Table 3: Proposed Rates and Rate Design for Electricity Submetering Service – 2024⁵⁶

Charge	Cost of Service (\$)	Billing Determinants (units)	2024 (\$/unit/month)
Service and Administration			5.76
Regulatory Assets			2.10 ⁵⁷
Regulatory Administration			0.61
Bad Debt Recovery			0.53
Total			9.08

Wyse states that it has not previously tracked its revenue separately for its BC operations from its operations in other provinces. However, for 2024 and onwards, Wyse confirms that it will track revenue separately, but will allocate expenses such as corporate overhead, operations and maintenance on an average per-unit basis across all its utility submetering services.⁵⁸ Wyse states that these costs are generally invariant to the type of service on a per meter or per-bill basis given the internal resources, service contracts and business model that Wyse has in place to support cost-effective service delivery overall. Wyse considers that allocation on this basis is fair and reasonable with due consideration to the simplicity and practicality of the approach, as well as Wyse's incentive to provide a competitive service offering.⁵⁹

In addition, Wyse seeks approval for an Energy Charge for its electricity submetering service, calculated on a \$/kWh basis, to recover and remit energy costs to building owners receiving service from BC Hydro, which the Panel addresses in Section 7.0 of this decision.

Panel Determination

The Panel approves, on a permanent basis, Wyse's 2023 Rates and rate design effective for the period from June 28, 2023 to December 31, 2023 and the 2024 Rates and rate design effective January 1, 2024, subject to the adjustments resulting from the determinations and directives contained in this decision.

The Panel directs Wyse to recalculate its revenue requirements and rates in a compliance filing based on the Panel's determinations and directives in this decision (Compliance Filing). The Compliance Filing and updated tariff pages reflecting the permanent 2023 Rates and 2024 Rates are to be filed with the BCUC within 30 days of the date of this decision.

The Panel also directs Wyse to refund or recover the difference between the rates approved on a permanent basis and the 2023 Interim Rates, with interest calculated at the average prime rate of Wyse's principal bank for its most recent fiscal year, as a bill adjustment(s) within three months of the date of this order. Further, the Panel directs Wyse to include in the Compliance Filing, the amounts to be refunded or recovered and the timing.

The Panel notes that Wyse states that it will allocate expenses such as corporate overhead, operations and maintenance on an average per-unit basis across all its utility submetering services, which will encompass Wyse's thermal submetering. Although Wyse's existing thermal system submetering is exempt from BCUC

⁵⁶ Exhibit B-1-1, Section 5.3.2, p. 52.

⁵⁷ In response to BCOAPO IR 19.0 in Exhibit B-16, Wyse acknowledges that the RACC of \$2.18 per unit per month includes an error in the calculation of the tax provision. Once corrected, the RACC should be \$2.10 per unit per month on a levelized basis. Wyse proposes to update its RACC calculation in a compliance filing following the BCUC's final determination on the Application.

⁵⁸ Wyse also provides submetering services in BC for water and sewer and provides submetering services in Ontario. These utilities fall outside of the BCUC's mandate and are not addressed in this decision.

⁵⁹ Exhibit B-10, BCUC IR 6.1; Exhibit B-13, BCUC IR 10.8.1.

regulation, the Panel is reassured that those Wyse customers will be able to see these cost allocations because all customers sign or accept the same standard contract and Conditions of Service.

The following subsections address the individual components of Wyse's revenue requirement and rate design in 2023 and 2024. First, we address Wyse's costs to deliver its electricity submetering service, which include the service and administration expenses, the regulatory costs related to the BCUC's proceeding on Wyse's public utility status and the development and review of the Application, the regulatory costs related to ongoing regulatory matters, and the bad debt expenses. Then, we address Wyse's requested weighted average cost of capital and return on equity.

Under a cost of service rate setting mechanism, when a utility applies to the BCUC for approval of its revenue requirements and rate design, the application typically outlines the forecast costs to provide service, which includes the recovery of capital costs and a return on the capital costs, as well as the mechanism to recover those costs from its customers. The Panel notes that Wyse's Application takes a different approach in two areas. First, Wyse proposes that the BCUC exempt from review the rates at which Wyse intends to recover from ratepayers the capital cost of any new submetering systems. Second, instead of a return that is based on Wyse's capital costs in the electricity submetering systems it now operates, and which Wyse states have no net book value, Wyse proposes one that is based on certain regulatory costs incurred and its shareholders' expectations. The Panel addresses these issues in Sections 5.2, 5.6, and 7.2 of this decision.

While the Panel acknowledges that there is no rate base value related to the capital cost of Wyse's electricity submetering service to apply a weighted average cost of capital to set Wyse's return, the cost of capital still needs to be determined because Wyse proposes to include in rate base, the regulatory costs related to the BCUC's proceeding on Wyse's public utility status and the development and review of the Application. The Panel addresses Wyse's proposed weighted average cost of capital in Section 5.5 of this decision.

5.1 Service and Administration Expenses

Wyse states that it allocates service and administration costs in BC on an average per-unit basis across all utility submetering services in Wyse's portfolio and that these costs consist of the following:⁶⁰

1. Corporate overhead, which includes payroll expenses and benefits, general information technology, software and licenses, rent, office expenses, telephone and communications, and cybersecurity.
2. Operations and maintenance costs, which include billing platform costs and contract costs for billing and collections, and communications and repairs.

Wyse submits that this allocation method is fair, practical, and promotes competitive service delivery. In Wyse's view, further disaggregation of costs would add complexity and increase service costs and regulatory burden, without providing significant benefits given the scale of the overall costs.⁶¹

Wyse proposes a basic charge of 21.10 cents per day to recover the service and administration expenses for the period from June 28, 2023 to December 31, 2023. It submits that this charge is consistent with the charge in place prior to Wyse being found to be a public utility and is reasonably indicative of the cost of service to customers in 2023. The basic charge equates to a monthly charge of [REDACTED] per unit, which recovers approximately [REDACTED] of the actual service and administration costs in 2023 of [REDACTED]. To fully recover the actual costs in 2023, the monthly charge would need to be [REDACTED].⁶²

⁶⁰ Exhibit B-1, Section 5.1.2, p. 41.

⁶¹ Exhibit B-1, Section 5.2.3, p. 47.

⁶² Exhibit B-1, Section 5.3.1, pp. 51–52, Appendix B, p. 2; Exhibit B-10, BCUC IRs 3.2, 11.3.

Wyse states that it “accepted” the cost recovery shortfall in 2023. Wyse notes this under-recovery was to ensure regulatory compliance, maintain market presence, competitiveness, and meet client expectations. Wyse considers amendments to the 2023 Rates unwarranted for the partial 2023 period to which they apply.⁶³

For 2024, Wyse proposes a service and administration charge of \$5.76 per unit per month, effective January 1, 2024 (Service and Administration Charge), to recover forecast service and administration expenses of [REDACTED]. Wyse explains that the primary driver for the decrease in this expense relative to the prior year is the transition of billing operations to in-house in December 2023.⁶⁴

A summary of the Service and Administration Charge based on actual expense incurred in 2023 and the proposed cost of service and rate for 2024 is shown in the table below:

Table 4: Service and Administration cost per unit – 2023 and 2024⁶⁵

Component	\$/bill - 2023 based on actual expenses incurred	Cost (\$) - 2024 forecasts	# of Units - 2024 forecasts	\$/bill - 2024 forecasts
Corporate Overhead	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Billing Platform	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
External collections and billing services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Communications and Repairs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]		5.76

Positions of the Parties

BCOAPO supports approval of Wyse’s proposed rates to recover its service and administration costs in 2023 and 2024. BCOAPO recommends the BCUC direct Wyse to include detailed forecast labour costs for each department and explain how the departmental costs contributing to the Service and Administration Charge are determined in future applications.⁶⁶

In reply to BCOAPO, Wyse acknowledges that “approval of the 2024 cost of service and proposed Service and Administration charge, among the set of all requested approvals, will establish a suitable foundation to support future consideration of alternative rate setting mechanisms or test period lengths, with the aim to promote regulatory efficiency and cost-effectiveness in future rate applications.”⁶⁷

RCIA recommends the BCUC reject Wyse’s proposed revenue requirement and 2023 and 2024 Rates. RCIA raises concerns about the transparency and justification of the service and administration costs. RCIA submits that Wyse should be required to refile a comprehensive application, including associated revenue and cost schedules and detailed justifications in support of its revenue requirement and proposed rates. Absent such a refiling, RCIA submits that Wyse’s fixed charges should be set at no more than five percent above BC Hydro’s Basic Charge (not including return) for all future filings.⁶⁸

⁶³ Exhibit B-13, BCUC IR 10.3; Exhibit B-1, Section 5.3.1, p. 51.

⁶⁴ Exhibit B-1, Section 5.2.3, Table 16, p. 47, Table 19, p. 50; Exhibit B-10, BCUC IR 3.2.

⁶⁵ Exhibit B-10, BCUC IR 3.2; Exhibit B-1-1, Section 5.3.2, p. 52.

⁶⁶ BCOAPO Final Argument, p. 17.

⁶⁷ Wyse Reply Argument, p. 11.

⁶⁸ RCIA Final Argument, pp. 22, 28.

In reply, Wyse argues that RCIA's recommendations would impose unnecessary regulatory costs on customers. Further, Wyse dismisses RCIA's comparison to BC Hydro rates, noting that Wyse's costs are not directly comparable to the costs that underpin BC Hydro's basic charge.⁶⁹

Panel Determination

The Panel finds Wyse's approach of proposing the same basic charge of 21.10 cents per day that was in place prior to Wyse being found to be a public utility to recover its service and administration costs for the period from June 28, 2023 to December 31, 2023 reasonable. The Panel is satisfied with Wyse's approach considering that Wyse transitioned mid-year to regulation under the UCA and the Test Period in 2023 is relatively short. Further, there is no evidence that Wyse's proposed 2023 Basic Charge over recovers its service and administration expenses.

As shown in Table 4 above, the Panel notes that the 2023 Rates include a Minimum Charge that is equal to the Basic Charge. The Panel acknowledges that Wyse will only charge a customer either the Basic Charge or the Minimum Charge at any given time, but not both.

The Panel also finds [REDACTED] forecast service and administration expense used to calculate the Service and Administration Charge of \$5.76 per unit per month in 2024 reasonable. The Panel considers the forecast reasonable because the amounts are generally comparable to the actual costs incurred in 2023 and reflect the expected cost savings of transitioning Wyse's billing operations to in-house.

The Panel considers that directing Wyse to provide additional details regarding labour and non-labour costs in future applications, as recommended by BCOAPO, or requiring Wyse to refile the Application, as proposed by RCIA, to be unnecessary. The Panel is satisfied that Wyse's costs are likely consistent across its portfolio and therefore the Panel considers Wyse's approach of allocating expenses on an average per-unit basis across its submetering services reasonable. Given this, and with consideration to the size of Wyse's operations in BC, the Panel considers BCOAPO's and RCIA's suggestions are unlikely to provide material benefit relative to the cost.

The Panel is not persuaded by RCIA's submission that Wyse should refile the entire Application including associated revenue and cost schedules and detailed justifications in support of its revenue requirement and proposed rates. RCIA's submission encompasses more than the Service and Administration costs addressed in this section, but the Panel is satisfied that there is sufficient evidence in this proceeding to set Wyse's rates under a cost of service approach.

5.2 Regulatory Costs Related to Wyse's Public Utility Status and the Application

Wyse is seeking approval for a Regulatory Asset Capital Charge (RACC) of \$2.10⁷⁰ per unit per month, effective January 1, 2024, to recover the actual regulatory costs associated with the development of its regulated services in BC. As summarized in Table 5 below, these costs are forecast [REDACTED] and consist of actual costs of [REDACTED] related to the BCUC's proceeding on Wyse's public utility status, and a combination of actual and projected costs of [REDACTED] related to Wyse's compliance with the BCUC's directives resulting from that proceeding, including the development and review of the Application. Of these regulatory costs, [REDACTED] is allocated to Wyse's electricity submetering service, while the remainder is allocated to its thermal energy

⁶⁹ Wyse Reply Argument, pp. 12–13.

⁷⁰ In response to BCOAPO IR 19.0 in Exhibit B-16, Wyse acknowledges that the RACC of \$2.18 per unit per month includes an error in the calculation of the tax provision. Once corrected, the RACC should be \$2.10 per unit per month on a levelized basis. Wyse proposes to update its RACC calculation in a compliance filing following the BCUC's final determination on the Application.

submetering service. Wyse anticipates that the final rate for the RACC will be determined through a compliance filing submitted after a decision is made on the Application, once the final costs are confirmed.⁷¹

Table 5: Regulatory cost of the BCUC’s proceeding on Wyse’s public utility status and projected regulatory cost of compliance with Order G-168-23.⁷²

Component	Cost (\$)
<i>Regulatory cost of the BCUC’s proceeding on Wyse’s public utility status:</i>	
Third-party Legal and Regulatory	
Participant Assistance Cost Award (PACA)	31,320
<i>Projected regulatory cost of compliance with Order G-168-23:</i>	
Application development and review – Third party Legal and Regulatory	
Application review – PACA	
Application review BCUC fees	
Total	

Wyse considers these regulatory costs to be investments to support and comply with the development of regulated service in BC and as such should be treated as project development costs. Wyse proposes to include these regulatory costs in rate base, stating that this is a widely accepted regulatory practice that reflects the utility's investment of debt and equity in projects that require regulatory approval. Wyse also states that including regulatory costs in rate base aligns with the principle of matching cost recovery with the ongoing benefits received by customers. Treating these costs as an expense, by contrast, would result in a relatively high and unfair rate impact in the Test Period. Furthermore, in Wyse’s view, the framework established under Order G-168-23 may apply to other submetering providers in the future, and as such future customers of those providers should also share in the recovery of development costs.⁷³

Wyse proposes to structure the RACC on a levelized annual basis to recover the capitalized costs, the return on these costs, and the related tax provision over a 15-year period, aligning with the duration of a typical contract for service, and based on Wyse’s weighted average cost of capital (WACC).⁷⁴ Table 6 below shows the proposed recovery in 2024 of these costs on a levelized and non-levelized basis.

Table 6: 2024 recovery of regulatory costs⁷⁵

	Levelized Basis	Non-Levelized Basis
Depreciation		
Return on capital		
Tax provision		
Total		

⁷¹ Exhibit B-1, Section 5.1.2, p. 41; Exhibit B-4, BCUC IR 3.2; Exhibit B-1-1, Cost of Service and Rate Calculations Excel File, Electricity Tab, row 44.

⁷² Exhibit B-1-1, Section 5.2.2, Tables 13 and 14, p. 46.

⁷³ Exhibit B-4, BCUC IR 3.3.

⁷⁴ Exhibit B-1, Section 5.1.2, p. 41; Exhibit B-1-1, Section 5.2.7, p. 50, Cost of Service and Rate Calculations Excel File, Electricity Tab, rows 48–50.

⁷⁵ Exhibit B-1-1, Cost of Service and Rate Calculations Excel File, Electricity Tab, rows 48–51. The amounts in the table do not reflect the update to the calculation of the tax provision that Wyse acknowledges it will make in a compliance filing following the BCUC’s final determination on the Application per its response to BCOAPO IR 19.0 in Exhibit B-16.

A non-levelized approach would result in a RACC that is 30 percent higher than the proposed RACC in 2024.⁷⁶ Wyse considers a levelized rate approach to be practical because a levelized rate may be set and updated over time to ensure smoothing of rate impacts and fair recovery from all current and future customers served under the regulatory framework established for Wyse.⁷⁷

Positions of the Parties

BCOAPO supports Wyse's proposal to recover the regulatory costs over 15 years on a levelized basis, agreeing that it would be unfair to charge these costs solely to current customers in 2024. BCOAPO argues that since the hearing on Wyse's public utility status will affect future electricity and thermal energy submetering customers in BC, it is appropriate to recover these costs over a longer period, and that the BCUC's decisions will establish a framework for future rate applications. BCOAPO recommends that the BCUC approve the creation of a separate rate base deferral account to ensure proper regulatory treatment of these costs.⁷⁸

In reply, Wyse agrees with BCOAPO's recommendation for a rate base deferral account to implement the RACC.⁷⁹

RCIA does not have concerns with the recovery of Wyse's regulatory costs related to the Application but suggests that these costs be placed in a separate non-rate base deferral account attracting WACC. RCIA argues that these costs should be excluded from rate base because it disagrees with Wyse that they are project development costs.⁸⁰

However, RCIA argues that the regulatory costs related to Wyse's past proceeding, specifically those establishing Wyse as a public utility, should not be passed on to customers. In RCIA's view, these costs arose from Wyse's failure to identify itself as a public utility, and costs resulting from Wyse's lack of regulatory compliance should not be borne by ratepayers.⁸¹

In reply to RCIA, Wyse submits that it has operated in good faith in BC since its inception. The question of Wyse's status as a public utility was unresolved, leading the BCUC to initiate a public hearing. Wyse believes that the costs associated with this regulatory review are fair to recover from customers, in line with established regulatory principles and practices.⁸²

Panel Determination

The Panel denies Wyse's request to include actual regulatory costs in rate base. Instead, the Panel directs Wyse to establish a non-rate base deferral account, the Regulatory Cost deferral account, effective June 28, 2023, to capture the following costs related to Wyse's electricity submetering service:

- **The actual third-party legal and regulatory costs incurred in relation to the BCUC's proceeding on Wyse's public utility status, the development of the Application, and the BCUC's proceeding to review the Application;**
- **The actual participant cost awards associated with the BCUC's proceeding on Wyse's public utility status and the BCUC's proceeding to review the Application; and**
- **The actual BCUC fees levied to Wyse that are directly related to the review of the Application.**

⁷⁶ Exhibit B-12, BCUC IR 27.1.2.

⁷⁷ Exhibit B-12, BCUC IR 27.1.

⁷⁸ BCOAPO Final Argument, p. 18.

⁷⁹ Wyse Reply Argument, p. 13.

⁸⁰ RCIA Final Argument, pp. 23–24.

⁸¹ RCIA Final Argument, pp. 23–24.

⁸² Wyse Reply Argument, p. 14.

The Panel directs that the balance in the Regulatory Cost deferral account accrue carrying costs at Wyse's WACC, as determined in section 6.6 of this decision, and that the deferral account captures the related tax provision. The deferral account balance is to be amortized over 15 years, beginning in 2024, and recovered from Wyse's electricity submetering ratepayers through a rate, entitled the "Regulatory Cost Recovery Charge" instead of the RACC, on a levelized basis based on Wyse's WACC.

Wyse has not persuaded the Panel that regulatory costs should be included in rate base. The Panel does not consider these to be project development costs because they are not associated with property, plant, or equipment. As such, the Panel does not consider them capital assets or appropriate to include in rate base.

Nevertheless, the Panel accepts that Wyse is entitled to recover its regulatory costs. Considering that Wyse is the first submetering service provider found to be a public utility in BC, the Panel is satisfied that a public hearing process was warranted to address the questions and concerns raised, and that these costs are appropriately borne by Wyse's ratepayers, who benefit from the BCUC's regulatory oversight of the utility. We do not accept RCIA's submission that Wyse is not entitled to recover from ratepayers the regulatory costs associated with that proceeding.

The Panel finds that the regulatory costs related to the BCUC's proceeding to address Wyse's public utility status provide long-term benefits to Wyse's ratepayers and therefore, it is reasonable for Wyse to recover these costs from current and future customers. The Panel is satisfied that the proposed 15-year amortization appropriately matches the expected benefit period of the costs because it aligns with the typical length of Wyse's submetering service contracts. The Panel also finds that it is appropriate to smooth the rate impact of the regulatory costs related to the Application and the prior hearing to determine Wyse's public utility status over 15 years to mitigate rate shock. Unlike the regulatory costs related to Wyse's public utility status, the Panel does not consider the regulatory costs related to the Application to have long-term benefits to Wyse's ratepayers. However, the Panel considers the amount of the regulatory costs related to the Application to be significant and acknowledges that without rate smoothing, these costs would result in a significant rate increase.

The Panel also finds that applying carrying costs to the deferral account based on Wyse's WACC is appropriate because this matches how the Panel expects that Wyse will finance the account. There is no evidence to suggest that Wyse will not be financing the deferral account using a combination of debt and equity, similar to the financing of other long-term assets.

The Panel considers Wyse's proposal to structure the RACC (now renamed the Regulatory Cost Recovery Charge) on a levelized annual basis to be a reasonable approach to smooth the rate impacts of the carrying costs and related tax provision over the 15-year period of the Regulatory Cost deferral account.

Since Wyse's actual regulatory costs may not be known for some time after this decision is issued, the Panel considers it appropriate to calculate the 2024 Regulatory Cost Recovery Charge based on forecast regulatory costs rather than deferring the implementation of the 2024 Rates until actual amounts are finalized. **Therefore, for the purposes of calculating the 2024 Regulatory Cost Recovery Charge, the Panel directs that the amortization of the Regulatory Cost deferral account be calculated based on the actual and forecast regulatory costs of [REDACTED].** The Panel acknowledges that since Wyse's thermal submetering service is exempt from rate regulation, Wyse can recover the regulatory costs associated with its thermal submetering service from those customers in a reasonable manner without BCUC approval.

The Panel directs Wyse, in its next rates application to the BCUC, to provide details of any variances between the final actual costs that are captured in the Regulatory Cost deferral account and the forecast amount of [REDACTED].

5.3 Costs Related to Ongoing Regulatory Matters

Wyse forecasts costs of █████ related to ongoing regulatory matters for 2024 for its electricity submetering service. This forecast is a placeholder amount for anticipated regulatory costs associated with supporting ongoing regulatory applications, proceedings, review processes, and incremental annual cost in BC to comply with future rates approvals and reporting requirements of the BCUC. Wyse also proposes to recover the same amount of regulatory costs in 2023. This results in a Regulatory Administration Charge of \$0.61 per unit per month for the Test Period.⁸³

In addition, Wyse requests approval of a deferral account, effective January 1, 2024, to record any differences between forecast and actual regulatory costs for future recovery or refund to ratepayers. Wyse considers regulatory expenses difficult to forecast, not within its control, and that variances from forecast costs are in general a risk that a public utility should not have to bear. Wyse proposes that amounts in the proposed regulatory account be amortized over a one-year period and attract carrying costs at Wyse's weighted average cost of debt (WACD). Wyse uses multiple debt facilities for financing and applies the WACD to represent its overall borrowing rates. Wyse states that this approach lowers the cost of debt compared to using a shorter-term debt rate, which would result in higher borrowing costs.⁸⁴

Positions of the Parties

BCOAPO has no issues with Wyse's proposed Regulatory Administration Charge, effective January 1, 2024, but recommends the BCUC deny the charge for the period from June 23, 2023 to December 31, 2023. BCOAPO questions whether Wyse incurred any additional costs in 2023 related to regulatory proceedings and compliance requirements for its electricity and thermal energy submetering activities in BC that is not already proposed by Wyse for recovery through the Regulatory Asset Capital Charge.⁸⁵

BCOAPO supports Wyse's proposed deferral account.⁸⁶

In reply, Wyse agrees with BCOAPO that it has not incurred regulatory costs in 2023 that will not be covered by the Regulatory Asset Capital Charge, if the RACC is approved.⁸⁷

RCIA submits that all regulatory costs should be tracked and recovered through Wyse's proposed deferral account. RCIA argues that while it is reasonable to allow some forecast amounts, these should be specifically related to anticipated regulatory proceedings and the forecast costs should be reconciled with actual expenses through the deferral account.⁸⁸

Panel Determination

The Panel finds Wyse's forecast regulatory costs of █████ reasonable for the purposes of setting the Regulatory Administration Charge for 2024. However, the Panel directs the forecast regulatory costs for 2023 be reduced to \$nil for the purposes of calculating the Regulatory Administration Charge for the period from June 23, 2023 to December 31, 2023. In the previous section the Panel approved the Regulatory Cost Recovery Charge (previously named the Regulatory Asset Capital Charge), pursuant to which Wyse will recover third-party legal and regulatory costs associated with the BCUC's proceeding on Wyse's public utility status and the

⁸³ Exhibit B-1-1, Section 5.3.2, Table 21, p. 52; Exhibit B-1-1, Section 5.1.2, p. 42; Exhibit B-4, BCUC IRs 2.1, 5.1.

⁸⁴ Exhibit B-1, Section 5.2.4, p. 48; Exhibit B-1, Section 5.1.2, p. 42; Exhibit B-3, BCUC IR 7.3.

⁸⁵ BCOAPO Final Argument, pp. 12, 23.

⁸⁶ BCOAPO Final Argument, p. 30.

⁸⁷ Wyse Reply Argument, pp. 9–10.

⁸⁸ RCIA Final Argument, p. 26.

development of the Application. As Wyse acknowledges, there are no additional regulatory costs to recover in 2023.

The Panel approves, effective January 1, 2024, the establishment of a non-rate base deferral account, the Ongoing Regulatory Cost deferral account, to capture the variances between forecast and actual regulatory costs related to Wyse’s electricity submetering service. The Panel approves a one-year amortization period for the balances in the Ongoing Regulatory Cost deferral account, and the application of carrying costs to the balances in the account at Wyse’s WACD. With consideration that Wyse is relatively new to regulation under the UCA and the Application is the first one it has submitted for BCUC review, the Panel accepts that it would be difficult for Wyse to accurately forecast its regulatory costs. Therefore, it is appropriate for Wyse to not bear the forecasting risk in these circumstances.

The Panel also considers a relatively short amortization period to be appropriate since these costs are unlikely to provide benefits to future ratepayers. Carrying costs at Wyse’s WACD are also appropriate given the relatively short amortization period. WACD more accurately reflects the cost of borrowing for short-term obligations than WACC.

5.4 Bad Debt Expenses

Wyse proposes a Bad Debt Recovery Charge of \$0.49 per unit per month for 2023. The Bad Debt Recovery Charge was set in reference to applicable charges in effect at the time across the entire Wyse portfolio prior to the determination of Wyse’s status as a public utility. Historically, Wyse did not maintain separate revenue and bad debt reporting for its operations in BC. However, by applying the portfolio wide percentages in the year, Wyse estimates \$16,860 as the actual bad debt expense in 2023 for its electrical submetering service in BC, which is equal to 2.4 percent of the estimated revenue in 2023.⁸⁹

Wyse forecasts a bad debt expense of [REDACTED] for its electricity submetering service for 2024. The bad debt expense is based on one percent of revenue. This results in a proposed Bad Debt Recovery Charge of \$0.53 per unit per month for 2024. Wyse considers using one percent of revenue appropriate because it has enhanced its collections process by expanding its internal team focused on direct customer engagement and negotiation with those in arrears. Wyse is confident that these efforts will help mitigate overall debt exposure.⁹⁰

In addition, Wyse requests the establishment of a deferral account, the Bad Debt Deferral Account (BDDA), effective January 1, 2024, to record the variance between forecast and actual bad debt expenses. Wyse states that without this deferral account mechanism, both Wyse and its customers would face exposure to forecast risks arising from factors beyond the utility’s control or BCUC oversight. Wyse proposes that the balance in the BDDA be amortized over one year and attract carrying costs at Wyse’s WACD.⁹¹

Positions of the Parties

BCOAPO supports the approval of a Bad Debt Recovery Charge for 2023 and 2024 as filed.⁹²

RCIA does not take issue with the proposed Bad Debt Recovery Charge. However, it recommends Wyse be directed to consider using an average or weighted average of three years to smooth out fluctuations in these charges over time.⁹³

⁸⁹ Exhibit B-4, BCUC IR 5.1; Exhibit B-10, BCUC 6.1; Exhibit B-13, BCUC IR 10.5.

⁹⁰ Exhibit B-1-1, Section 5.3.2, p. 52; Exhibit B-3, BCUC IR 6.2.

⁹¹ Exhibit B-1, Section 5.1.2, p. 42; Exhibit B-3, IR 7.1.

⁹² BCOAPO Final Argument, pp. 11–12, 23.

⁹³ RCIA Final Argument, p. 27.

In reply, Wyse anticipates that its future test year forecast rates will eventually be based on actual prior year expenses in BC, adjusted for economic conditions and other relevant factors. Wyse also submits that the potential for rate volatility may be a factor in future rate-setting decisions.⁹⁴

With respect to the proposed BDDA, BCOAPO submits that approval of the deferral account would significantly reduce Wyse's business risk and should be recognized in setting Wyse's cost of capital parameters (i.e., its deemed debt to equity ratio and its allowed return on equity). If the BCUC approves the BDDA, then BCOAPO submits that any negative differences between actual and forecast bad debt expenses should be refunded to customers, while recovery of any positive differences between actual and forecast bad debt expenses should be set at less than one hundred percent (e.g., 90%) to provide some incentive for Wyse to manage its bad debt expense.⁹⁵

In reply, Wyse contends that BCOAPO may not fully recognize the relative level of bad debt risk faced by a smaller submetering utility like Wyse, especially in comparison to larger utilities in BC. Wyse is motivated to minimize bad debt and avoid carrying any bad debt at all. Given the inherent risk and forecast uncertainty in rate-setting for a test year, Wyse argues that the proposed BDDA is justified and that its recovery mechanism is equitable for both customers and the utility.⁹⁶

Panel Determination

The Panel finds Wyse's approach of proposing the same Bad Debt Recovery Charge of \$0.49 per unit per month that was in place prior to Wyse being found a public utility to recover its bad debt expenses for the period from June 28, 2023 to December 31, 2023 reasonable. The Panel is satisfied with Wyse's approach to setting the 2023 Bad Debt Recovery Charge considering the lack of historical data for its operations in BC and there is no evidence that the approach would over-recover the bad debt expenses for that period.

The Panel also finds Wyse's approach of forecasting its bad debt expenses based on one percent of forecast revenue to set the Bad Debt Recovery Charge of \$0.53 per unit per month for 2024 reasonable. The Panel considers that this approach adequately reflects Wyse's initiatives to improve its collections process in 2024.

With respect to RCIA's recommendation that the BCUC direct Wyse to consider a weighted average approach to smooth out bad debt expenses, the Panel is not persuaded that it is warranted. Although the increase in the Bad Debt Recovery Charge is approximately eight percent from 2023 to 2024,⁹⁷ it does not rise to a level that the Panel considers to be "rate shock" either on its own or together with Wyse's other fixed charges or rates. If necessary, rate smoothing can be considered in a future proceeding to review Wyse's application for rates approval without BCUC direction.

The Panel approves, effective January 1, 2024, the establishment of the BDDA as a non-rate base deferral account to capture the variances between forecast and actual bad debt expenses related to Wyse's electricity submetering service, a one-year amortization period for the balances in the account, and the application of carrying costs to the balances in the account at Wyse's WACD.

Given Wyse previously did not maintain separate revenue and bad debt reporting for its operations in BC, the Panel accepts that it would be difficult for Wyse to accurately forecast its bad debt expenses and the variance could be material. Therefore, it is appropriate for Wyse to not bear the forecast risk in this Test Period.

⁹⁴ Wyse Reply Argument, p. 15.

⁹⁵ BCOAPO Final Argument, pp. 30–32.

⁹⁶ Wyse Reply Argument, p. 15.

⁹⁷ Based on the following calculation: \$0.53/\$0.49.

The Panel also considers a relatively short amortization period, such as one-year, appropriate since a bad debt expense is unlikely to provide benefits to future ratepayers. Carrying costs at Wyse's WACD are also appropriate given the relatively short amortization period, which as in Section 5.3 above, the Panel considers a more accurate reflection of short-term borrowing costs than WACC.

The Panel does not support BCOAPO's recommendation regarding the recovery of any positive differences in the BDDA. Given the uncertainties with forecasting bad debt expense, and the lack of evidence that Wyse is not actively managing its bad debt expense, Wyse ought not to be penalized by disallowing full recovery of positive variances while requiring Wyse to fully refund negative variances.

5.5 Weighted Average Cost of Capital

Wyse proposes a WACC of [REDACTED], which is based on an average after-tax cost of debt of [REDACTED] and a capital structure with an equity thickness of [REDACTED] and a targeted return on equity (ROE) of [REDACTED].

Panel Determination

The following sections address the appropriate WACC rate for Wyse, which includes Wyse's proposed weighted average cost of debt and capital structure and rate of return on equity. **Based on the reasons in the following sections, the Panel approves Wyse's WACC effective June 28, 2023, subject to the adjustments resulting from the determinations and directives contained this decision, and directs Wyse to recalculate its WACC accordingly in a compliance filing.**

The Panel rejected Wyse's proposal to include certain regulatory costs in its rate base, as discussed above in Section 5.2, and therefore there is no rate base balance on which to apply the WACC to set Wyse's return. Nevertheless, the WACC still needs to be determined for the purpose of calculating the carrying costs on the Regulatory Cost deferral account and, subject to any future BCUC determinations, the return on future additions to rate base.

5.5.1 Cost of Debt

Wyse proposes an after-tax cost of debt equal to [REDACTED], which equates to a pre-tax weighted average cost of debt of [REDACTED]. The weighted average cost of debt of [REDACTED] is based on the forecast weighted average of three outstanding debt components, assuming each loan accounts for one third of the total debt. The three outstanding debts consist of [REDACTED]. Wyse explains that its proposed weighted average cost of debt is the indicative result at the timing of modelling the proposed rate for the Application.⁹⁸

In response to IRs, Wyse provided the current balances and the actual weighted average rates of each loan that it carries. It notes that each loan is made of various debts taken out at different times and rates.⁹⁹ Based on the current balances and rates provided, the weighted average cost of debt is calculated as [REDACTED].¹⁰⁰

Positions of the Parties

BCOAPO submits that Wyse's current weighted average cost of debt of [REDACTED] is the more appropriate value to use for both the carrying cost for the RCDA and the 2024 rate calculations.¹⁰¹

⁹⁸ Exhibit B-4, BCUC IR 4.6; Exhibit B-16, BCOAPO IR 13.3.

⁹⁹ Exhibit B-6, RCIA IR 2.1.

¹⁰⁰ Based on the following calculation: [REDACTED]

¹⁰¹ BCOAPO Final Argument, p. 30.

Panel Determination

The Panel approves Wyse's proposed weighted average cost of debt of [REDACTED], effective June 28, 2023. The Panel is satisfied with Wyse's approach of calculating the weighted average cost of debt. While using the actual debt balances and interest rates, as BCOAPO suggests, may be more precise for that specific point in time, it lacks flexibility to account for fluctuations in interest rates or loan amounts during the Test Period.

5.5.2 Capital Structure and Rate of Return on Equity

Wyse proposes a deemed capital structure with an equity thickness of [REDACTED] and an allowed rate of return on equity of [REDACTED]. Wyse states that the proposed ROE is based on the expectations of its shareholders.¹⁰²

Wyse considers its proposed deemed capital structure optimal in managing the variability of financial terms within its risk limits. With respect to business risk, Wyse explains that its business is highly competitive and its ability to finance the business depends on debt. The debt, however, is dependent on outside resources and the financing terms available from these resources.¹⁰³

Wyse submits that its proposed deemed capital structure and allowed ROE meet each of the three requirements of the Fair Return Standard. Regarding the first requirement, that a reasonable return on capital should be comparable to the return available from the application of the invested capital to other enterprises of like risk, Wyse states there is limited financial data available in its specific sector. Therefore, Wyse provided the equity thickness and ROE [REDACTED] to show the scope of companies with similar ROE that have publicly available financial information. Wyse notes that these are private companies in the infrastructure sector, operate in Canada and North America, and operate in regulated environments under similar political risks as Wyse. Wyse states that the differences compared to Wyse include that they employ different models for cash generation, which would result in different systematic and non-systematic risks, they are significantly larger in terms of revenue and market presence, and they are subject to different laws and regulations. The five-year historical¹⁰⁴ equity thickness and ROE of these companies ranges from 14 percent to 46 percent and -2 percent to 39 percent, respectively, resulting in a weighted return¹⁰⁵ ranging from -0.66 percent to 13.12 percent.¹⁰⁶

In addition, for comparison, Wyse provided the ROE of the construction industry of 21.24 percent. That data source also included, among other industries, the ROE of the electrical equipment industry of 20.58 percent and the utility-general industry of 11.15 percent. Wyse considers the construction industry the most similar to Wyse for the purpose of the comparable investment requirement. This is because of similar business models, which are capital intensive and require significant upfront investments, which in turn can lead to similar financial cycles and cash flow patterns. In addition, Wyse submits that it and construction companies frequently engage in long-term contracts with clients and the impact of the contracts remains the same in nature on revenue recognition and cash flow irrespective of the size of the organizations. Wyse, however, does not consider the electrical equipment industry or the utility-general industry appropriate comparators due to differences in business models, which would result in contrasting cashflow and differences in financial ratios related to usage and return on capital. For example, Wyse's core business is not the sale of equipment nor does Wyse install transmission or distribution networks or manage ancillary services associated with this aspect of a utility company.¹⁰⁷

¹⁰² Exhibit B-1-1, Section 5.2.7, p. 51; Exhibit B-4, BCUC IR 4.3; Exhibit B-13, BCUC IR 7.8.

¹⁰³ Exhibit B-4, BCUC IR 4.3.1.

¹⁰⁴ 2019 to 2023.

¹⁰⁵ Percentage return calculated as equity thickness multiplied by ROE.

¹⁰⁶ Exhibit B-4, BCUC IR 4.2.1; Exhibit B-13, BCUC IRs 7.1–7.5.

¹⁰⁷ Exhibit B-13, BCUC IRs 7.6, 7.7.

Regarding the second requirement of the Fair Return Standard, that a reasonable return on capital should enable the financial integrity of the regulated enterprise to be maintained, Wyse states that its requested ROE provides it with sufficient margin to sustainably operate its business.¹⁰⁸

Regarding the third requirement of the Fair Return Standard, that a reasonable return on capital should permit incremental capital to be attracted to the enterprise on reasonable terms and conditions, Wyse states that its requested ROE is the amount required by investors to deem Wyse an attractive investment.¹⁰⁹

Positions of the Parties

BCOAPO recommends an ROE no higher than 11 percent if the BCUC adopts Wyse's recommended equity thickness of [REDACTED]. In BCOAPO's view, the business risks faced by Wyse, such as technology, counterparty, and commodity supply risk, are less than those faced by TES utilities, and thus a lower ROE is warranted. In addition, BCOAPO notes that the 11 percent value aligns closely with the utility-general results and the ROE for the utilities-general sector is more relevant to Wyse than the construction sector. BCOAPO submits that the sample companies provided by Wyse to support its proposed ROE are not appropriate references because they are not representative or do not reflect Wyse's business risks.¹¹⁰

RCIA submits that Wyse's return should be set at 11 percent, reflecting the higher end of the ROE for BCUC regulated utilities. In RCIA's view, Wyse's proposed cost of capital, underpinned by an ROE of [REDACTED], is excessive and Wyse has provided limited information regarding its business risks and has offered an unreasonable justification for its proxy group. RCIA submits that any return on equity and equity structure should be based on comparable utilities in BC with adjustments, if necessary, for Wyse's relative size and customer base. RCIA also submits that setting a return as a percentage of energy and/or non-energy revenue should be considered as an alternative approach to setting a return as a percentage of rate base.¹¹¹

Panel Determination

The Panel establishes a deemed equity structure of 40 percent and an allowed ROE of 11 percent, effective June 28, 2023.

The Panel does not consider [REDACTED] comparable investments to Wyse for the purposes of determining Wyse's return on capital. The Panel is not persuaded that their business risks are sufficiently similar to warrant a similar return. The Panel notes that even Wyse concedes that their different models for cash generation would result in different systematic and non-systematic risks.

Similarly, the Panel is not persuaded that the construction industry is the most similar to Wyse for the purpose of the comparable investment requirement. Wyse and the construction industry have differences in models for revenue recognition, cash generation, and risks. For example, the relationship and cash flow between the provider and the customer generally ends in the construction industry once each project is completed. In contrast, the relationship and cash flow between the submetering service provider and the end-use customer generally continues for as long as the submetering system is operational.

In the absence of a more appropriate comparator, the Panel turns to regulated utilities in BC, specifically Stream B TES utilities, which are on the higher end of the allowed return for BCUC regulated utilities. The

¹⁰⁸ Exhibit B-4, BCUC IR 4.4.

¹⁰⁹ Exhibit B-4, BCUC IR 4.4.

¹¹⁰ BCOAPO Final Argument, pp. 20, 22.

¹¹¹ RCIA Final Argument, pp. 13–15, 28.

currently approved default return for Stream B TES utilities is an equity thickness of 42.5 percent¹¹² and a ROE of 10.4 percent,¹¹³ which results in a weighted return of 4.42 percent.¹¹⁴ However, assuming that the BCUC uses a similar approach as in 2014 to determine the equity thickness for Stream B TES utilities, the equity thickness would be 49.0 percent,¹¹⁵ which results in a weighted return of 5.10 percent.¹¹⁶ In the Panel's view, Wyse's risk factors related to competition and size are comparable to those of Stream B TES utilities. However, the Panel agrees with BCOAPO's assessment that Wyse's risk factors related to technology, counterparty, and commodity risks are lower than Stream B TES utilities. Therefore, on balance, the Panel finds that Wyse has lower business risks than Stream B TES utilities and should have a lower weighted return.

The Panel accepts [REDACTED]. While [REDACTED] is lower than that of Stream B TES utilities, the Panel considers this acceptable since Wyse has lower business risks than Stream B TES utilities. Using an equity structure of 40 percent and an ROE of 11 percent, as suggested by BCOAPO and RCIA, results in an allowed weighted return of [REDACTED]. The Panel finds an allowed weighted equity return of [REDACTED] for Wyse reasonable as it is marginally lower than the default weighted equity return for Stream B TES utilities.

The Panel notes that, as discussed in Section 5.2 above, the Panel denied Wyse's request to include regulatory costs in rate base and instead directed that the costs be held in a new non-rate base deferral account that attracts carrying costs at Wyse's WACC. As a result, there is no rate base associated with Wyse's electricity submetering service and thus, setting a return based on rate base results in a \$nil return for Wyse's electrical submetering service in the Test Period. Therefore, the decision for the Panel is whether setting a return based on rate base is appropriate, which the Panel addresses in the next section.

5.6 Return on Equity

Wyse forecasts a return on equity of [REDACTED] in 2024 based on its proposed equity structure of [REDACTED] and rate of return on equity of [REDACTED] applied to its mid-year rate base balance.¹¹⁷

Wyse's proposed rate base includes only the regulatory costs related to the BCUC's proceeding on Wyse's public utility status and the development and review of the Application.¹¹⁸ Wyse explains that it has written off the net book value of its electricity submetering systems now in operation and that it does not forecast placing into service any new electricity submetering systems in 2024.¹¹⁹ Wyse requests an exemption from rate regulation for the capital cost recovery of any new systems that it adds, currently estimated at four to seven new systems on average annually over the next five years, which the Panel addresses in Section 7.2 of this decision.¹²⁰

Wyse states that the capital cost to install submetering systems in any individual building is very low.¹²¹ Wyse explains that it reviewed the competitive nature and inherent risk of the submetering business, and its

¹¹² BCUC Generic Cost of Capital Proceeding (Stage 2) decision, dated March 25, 2014, p. 124 states that the default capital structure of TES projects is 42.5%, which is 4 percentage points higher than the benchmark utility. Order G-6-24 determined FortisBC Energy Inc. (FEI) to be the benchmark utility.

¹¹³ BCUC Generic Cost of Capital Proceeding (Stage 2) decision, dated March 25, 2014, p. 124 states that the default equity risk premium is 75 basis points. FEI's approved 2023 ROE of 9.65% plus 75 basis points equals 10.4%.

¹¹⁴ Equity thickness of 42.5% x ROE of 10.4% = 4.42%.

¹¹⁵ FEI's approved 2023 equity thickness of 45.0% plus 4 percentage points equals 49.0%.

¹¹⁶ Equity thickness of 49.0% x ROE of 10.4% = 5.10%.

¹¹⁷ Exhibit B-1-1, Cost of Service and Rate Calculations Excel File, Electricity Tab, row 47 multiplied [REDACTED].

¹¹⁸ Exhibit B-1-1, p. 40; Exhibit B-1, p. 46.

¹¹⁹ Exhibit B-1-1, p. 40.

¹²⁰ Exhibit B-3, BCUC IR 2.1; Exhibit B-1, p. 16; Exhibit B-13, BCUC IR 9.3.

¹²¹ Exhibit B-1, p. 15.

shareholders' expectations for returns on investments in system growth and development commensurate with such risk, as directly informing the return on equity as proposed.¹²²

Wyse refers to the provisions in the UCA that relate to establishing a utility's rate of return:

Section 60 of the UCA provides that the Commission must have due regard to the setting of a rate that is not unjust or unreasonable within the meaning of section 59, to in part provide the public utility for which the rate is set a fair and reasonable return on any expenditure made by it to reduce energy demands, and to encourage public utilities to increase efficiency, reduce costs and enhance performance.¹²³

During the proceeding, alternative methods to a rate base return were raised, such as a return based on a fixed dollar amount and a return based on a percentage of the revenue requirement or operating costs. Wyse stated that it was unable to assess the feasibility and appropriateness of the alternative methods as it is unclear how any alternative approach would be applied to its cost of service, allocation, and rate design.¹²⁴

Positions of the Parties

RCIA submits that Wyse's return should be set on an interim basis to be determined on a final basis as part of the BCUC Generic Cost of Capital Phase 2 proceeding. RCIA also submits that setting a return as a percentage of energy and/or non-energy revenue should be considered as an alternative approach to setting a return as a percentage of rate base.¹²⁵

Panel Determination

The Panel notes that, as discussed in Section 5.2 above, the Panel denied Wyse's request to include regulatory costs in rate base and instead directed that the costs be held in a new non-rate base deferral account that attracts carrying costs at Wyse's WACC. As a result, there is no applicable rate base associated with Wyse's electricity submetering service and thus, setting a return based on rate base results in a \$nil return for Wyse's electrical submetering service in the Test Period. Therefore, the decision for this Panel is whether setting a return based on rate base results in a fair and reasonable return on equity in the Test Period for Wyse.

Sections 59 and 60 of the UCA require the BCUC to ensure that the rates charged by a utility are not unjust or unreasonable. Further to section 59 of the UCA, a rate is unjust or unreasonable if it is insufficient to yield a fair and reasonable compensation for the service provided by the utility or a fair and reasonable return on the appraised value of its property. The BCUC is the sole judge as to whether a rate is unjust or unreasonable.

The Supreme Court of Canada established the principles surrounding the concept of "fair return" for a regulated company in *Northwest Utilities v. City of Edmonton*.¹²⁶ The Fair Return Standard has three requirements:¹²⁷

- i) The comparable investment requirement – a reasonable return on capital should be comparable to the return available from the application of the invested capital to other enterprises of like risk;
- ii) The financial integrity requirement – a reasonable return on capital should enable the financial integrity of the regulated enterprise to be maintained; and
- iii) The capital attraction requirement – a reasonable return on capital should permit incremental capital to be attracted to the enterprise on reasonable terms and conditions.

¹²² Wyse Final Argument, p. 12.

¹²³ Exhibit B-1, p. 13.

¹²⁴ Exhibit B-13, BCUC IRs 7.9, 7.9.1.

¹²⁵ RCIA Final Argument, p. 15.

¹²⁶ GCOC Stage 1 Decision dated September 5, 2023, p. 5.

¹²⁷ GCOC Stage 1 Decision dated September 5, 2023, pp. 5–6.

Consistent with previous decisions and the regulatory compact, the BCUC in the Generic Cost of Capital (GCOC) Stage 1 proceeding confirmed that the BCUC has a duty to approve rates that meet the Fair Return Standard, and to provide a reasonable opportunity for the utility to earn a fair return on invested capital. In addition, the BCUC confirmed that in the application of the Fair Return Standard, the utility is assessed based on the standalone principle. The standalone principle provides that the utility should be regulated as if it were a standalone entity, raising capital on the merits of its own business and financial characteristics, regardless of affiliations within the holding company structure.¹²⁸

The Panel finds that setting a return based on rate base would not yield a fair and reasonable return for Wyse for the Test Period given that it would result in a \$nil return. The Panel recognizes that Wyse, as a regulated utility, must be allowed an opportunity to earn a fair and reasonable return. Unlike most other utilities, Wyse does not have a rate base balance because it has written off the net book value of its electricity submetering systems. Therefore, the Panel looks to alternative methods to derive a return to Wyse that meets the Fair Return Standard.

The Panel notes that Wyse's thermal submetering service has a rate base balance of [REDACTED] in 2024.¹²⁹ Although Wyse's thermal submetering service is exempt from rate regulation, as addressed in Section 3.0 above, the Panel considers the rate base balance in Wyse's thermal submetering service a reasonable starting point to determine a reasonable return for Wyse's electricity submetering service. Given that Wyse's electricity submetering service provides service in 3.5 times¹³⁰ more buildings than its thermal submetering service, the Panel increases Wyse's rate base balance of [REDACTED] proportionately to arrive at a proxy rate base balance of [REDACTED]¹³¹ for Wyse's electricity submetering service. Based on the equity structure and ROE the Panel determined in Section 5.5.2 of this decision, this results in a return for Wyse of [REDACTED]¹³² or with rounding [REDACTED].

The Panel considers that an annual return of [REDACTED] in the Test Period for Wyse's electricity submetering service would meet the Fair Return Standard. There is no evidence to suggest that a return of [REDACTED] would not yield a comparable return to investors if they had invested in an entity with similar risks, that it would not enable Wyse to maintain its financial integrity, or that it would not permit Wyse to attract incremental capital. Although [REDACTED] is lower than the [REDACTED] return requested by Wyse for 2024, the Panel notes that Wyse also has the opportunity to recover its forecast cost of service, including carrying costs based on WACC for the Regulatory Cost deferral account, as part of its compensation for the provision of service.

Therefore, **the Panel directs an annual return on equity of [REDACTED] for each of 2023 and 2024 for Wyse to be recovered through the basic charge in 2023 and through the service and administration charge in 2024.** The Panel notes that since Wyse's rates for 2023 are for a partial year, the annual return will need to be prorated accordingly for 2023.

The Panel acknowledges that there could be other reasonable methods to set a return for Wyse, such as RCIA's suggestion to set a return as a percentage of energy and/or non-energy revenue. The Panel also considered alternative methods, such as the possibility of arriving at a fair return for Wyse by examining its historical returns. However, there is no evidence to support another alternative as being preferable, and Wyse was not amenable to alternative methods to set its return. For example, Wyse was not able to provide the historical

¹²⁸ GCOC Stage 1 Decision dated September 5, 2023, pp. 5–7.

¹²⁹ Exhibit B-1-1, Cost of Service and Rate Calculations Excel File, Thermal Tab, row 21.

¹³⁰ 14 buildings with electricity submetering service in 14 buildings divided by 4 buildings with thermal submetering service equals 3.5.

¹³¹ [REDACTED]

¹³² [REDACTED]

earnings or return on equity for its operations in BC.¹³³ If Wyse continues to not have a rate base balance in its next test period, the Panel directs Wyse to propose alternative methods to setting its return, along with the supporting justification, in its next rate application.

With respect to RCIA's suggestion of setting the return on an interim basis pending the conclusion of the BCUC Generic Cost of Capital Phase 2 proceeding, the Panel does not consider this necessary. The BCUC Generic Cost of Capital Phase 2 proceeding does not address the allowed return for submetering service utilities and thus would not provide additional information on a reasonable return for Wyse.

6.0 Flow-Through Energy Charges

Wyse requests approval of energy charges equivalent to the price of BC Hydro electricity energy charges, as defined by the rates set out under BC Hydro Rate Schedule 1121 – Multiple Residential Service (RS 1121), as approved by the BCUC and in effect during the monthly billing period.¹³⁴

Wyse's proposed total energy charge would consist of and be equivalent to:¹³⁵

- A Step 1 rate (\$/kWh) for consumption of electricity (kWh) in an average one-month billing period up to the Step 1 consumption threshold, as approved by the BCUC and in effect during the monthly billing period; and
- A Step 2 rate (\$/kWh) for consumption (kWh) of electricity over the Step 1 consumption threshold in an average one-month billing period, as approved by the BCUC and in effect during the monthly billing period.

Wyse submits that this proposal for energy charges is to ensure 100 percent flow-through recovery and remittance to building owners of the cost of electricity, as defined and priced in the BC Hydro Electric Tariff. Wyse states that its energy charges are based on actual electricity usage and the energy charge set out in the BC Hydro Electric Tariff under the rate schedule that could have applied had the end-user been a customer of BC Hydro. Wyse submits that the approach is fair and practical and aligns with the end-use energy rates of residential customers metered by BC Hydro.¹³⁶

Wyse confirms that it only serves residential end-users in multi-residential buildings in BC and at least one of these buildings receives the BC Hydro Large General Service rate.¹³⁷ With respect to a building with BC Hydro general service billing, Wyse submits that applying the BC Hydro residential services energy charges to resident bills eliminates the application of demand charges to their consumption, providing a lower rate than if the general service rate was applied to their bills. For indicative purpose, Wyse assumed building demand of 200 kW for a scenario of units consuming 300 kWh per bill period and 250 kW for the scenario of units consuming 600 kWh per bill period.¹³⁸

In response to IRs, Wyse confirmed that it has not included BC Hydro's RS 1901 rate riders in the proposed BC Submetering Services Tariff but that it could include BC Hydro rate riders if the BCUC determined this was required. Further, Wyse would be able to administer a flow-through of one-time credits if such credits, as

¹³³ Exhibit B-4, BCUC IR 4.1.

¹³⁴ Exhibit B-1, p. 43.

¹³⁵ Exhibit B-1, p. 43.

¹³⁶ Exhibit B-1, pp. 2–3; Exhibit B-12, BCUC IR 28.1; Exhibit B-14, BC Hydro IR 1.1; Exhibit B-5, RCIA IR 1.1.

¹³⁷ Exhibit B-7, BCOAPO IR 18.1; Exhibit B-12 BCUC IR 28.3.

¹³⁸ Exhibit B-12, BCUC IR 28.4.

amended in the BC Hydro tariff, are equally amended in the Wyse tariff as being equivalent to the credit applied by BC Hydro at the building level.¹³⁹

Positions of the Parties

RCIA disputes Wyse's claim that its proposal will ensure 100 percent flow-through recovery of the cost of electricity. RCIA notes that although Wyse customers notionally have the same rate as BC Hydro's residential customers, building owners and strata properties can have different tariffs, one of which is RS 1121.¹⁴⁰ RCIA notes that there are cases where BC Hydro bills a building owner under a rate schedule other than RS 1121 and if Wyse then bills the ratepayers in this building at RS 1121, the mismatching of tariffs could lead to potential arbitrage issues. At a minimum, according to RCIA, this casts further doubt as to the alleged benefits of submetering as it may distort the energy attributed to 'common areas' and underestimate the differential impact to end customers between allocated bulk costs (at RS1500 and RS1600) versus RS1121. For example, when building owners are billed at lower energy charge rates (i.e., RS 1500 and RS 1600) and unit holders are billed at higher energy charge rates (RS 1121), building owners could potentially profit from the differences in energy rates.

Further, RCIA submits that Wyse should flow through any available BC Hydro credits and rate riders onto customer bills and that Wyse should be required to provide a report reconciling remittances to building owners. If Wyse is unable to flow through for any reason, details and the impact per customer should be provided in the next rate submission.¹⁴¹

In reply, Wyse submits that the additional reporting proposed by RCIA is excessive and would create significant administrative burden for Wyse. Further, the direct reference to BC Hydro residential energy rates is to promote a fair and practical allocation of the building's bulk bill between the building owner and unit holders. Wyse also submits that the "benefits of submetering extend to providing clarity to both building owners and tenants as to the cost of electricity service between units and common areas" and that it is the building owner's prerogative to secure such service for such purpose. Wyse submits that the BCUC should not give any weight to the arbitrage risk that RCIA identifies.¹⁴²

BCOAPO submits that using BC Hydro Residential energy rates as the basis for the energy charges for Wyse's customers located in BC Hydro's service area establishes a clear and transparent basis and residential unitholders are likely to view the rates as fair and reasonable because these are what other residential customers directly served by BC Hydro pay. BCOAPO notes that rate riders are applied to BC Hydro's residential customers and that the associated bill impacts are not inconsequential. If the total amounts paid by the building owners are subject to these rate riders, BCOAPO submits that the BCUC should direct Wyse to include BC Hydro's rate riders (e.g., the Deferral Account Rate Rider (DARR) for the period prior to April 1, 2024, and both the DARR and the Trade Income Rate Rider effective April 1, 2024) in the determination of the commodity charges for electricity submetering customers.¹⁴³

Panel Determination

The Panel approves Wyse to set flow-through energy charges for its customers in the BC Hydro service area equivalent to the rates set out under BC Hydro's RS 1121, as approved by the BCUC and in effect during the monthly billing period. We find Wyse's proposal reasonable, largely because it is transparent and easily understood. However, we also acknowledge RCIA's submission that BC Hydro could bill the building owner under a tariff other than RS 1121, yet Wyse charges its end users and remits back to the building owner under

¹³⁹ Exhibit B-9, BC Hydro IR 2.1; Exhibit B-12, BCUC IR 28.1; Exhibit B-15, BCOAPO IR 42.2.

¹⁴⁰ RCIA Final Argument, p. 24.

¹⁴¹ RCIA Final Argument, pp. 25, 29.

¹⁴² Wyse Reply Argument, pp. 16–17.

¹⁴³ BCOAPO Final Argument, pp. 9–10.

RS 1121, and therefore this is not a genuine ‘flow through’ of electricity costs. Nevertheless, we consider the scenario that RCIA describes to be unlikely. According to BC Hydro’s tariff current terms and conditions, effective November 1, 2021, general service billing is available to a building owner for a metered business or for metered common areas of multiple occupancy buildings. Rate Schedule 1121 Multiple Residential Service applies if a building has more than two dwellings. Given that Wyse only serves residential end-users in multi-residential buildings, the Panel is satisfied that RS 1121 is the most likely tariff. **To ensure Wyse’s tariff remain current with BC Hydro approved rates, the Panel directs Wyse to file amended tariff pages with the BCUC within 30 days of the effective date of any amendments to the energy rates set out in BC Hydro’s RS 1121.**

Further, the Panel sees merit in BCOAPO’s and RCIA’s submission that if BC Hydro rate riders and/or one-time credits are applied to the bulk meter of the building where Wyse provides electricity submetering services, then it is fair and reasonable that the same be applied to the Wyse customers in the building. The Panel does not support RCIA’s additional recommendation that Wyse provide reconciliation reporting on flow-through amounts as this would result in undue administrative burden.

Therefore, the Panel directs Wyse to administer the flow-through of any:

- **BC Hydro rate riders, as amended in the BC Hydro tariff and applicable to RS 1121 energy rates, and to file amended Wyse tariff pages within 30 days of BC Hydro’s effective date for the amendment; and**
- **One-time BC Hydro credits applied by BC Hydro at the building level, by applying to the BCUC to flow through any BC Hydro credits within 30 days of BC Hydro’s effective date for the one-time credit.**

7.0 Other Matters Arising

7.1 BC Submetering Services Tariff

Wyse requests approval of its BC Submetering Services Tariff, which includes the conditions of service (Conditions of Service), electricity submetering service rate schedule (Electricity Rate Schedule), and standard charges (Standard Charges). Wyse states that the Conditions of Service and Standard Charges are broadly applicable to the utility submetering services that it provides across Canada and include references specific to BC as applicable.¹⁴⁴

Wyse describes two agreements that it provided with the Application, for information and not for approval, that facilitate new system development and the provision of service. First is the submetering agreement between the building owner and Wyse, which sets out the terms associated with the provision of service by Wyse as the submetering provider. Second is the utility services contract (USC), which Wyse explains binds the unit occupant to the BC Submetering Service Tariff, including conditions of service, rates, and standard charges.¹⁴⁵

Wyse submits that the USC reflects all key aspects of the Conditions of Service, Electricity Rate Schedule and Standard Charges, and that changes to the Tariff are automatically reflected in the USC. Further, the USC may include information related to nonregulated services specific to the building Wyse services.¹⁴⁶ Wyse states that the energy charge in the Electricity Rate Schedule is defined as equivalent to the Energy Charges set out in BC Hydro Rate Schedule 1121 consisting of a Step 1 rate (\$/kWh) and a Step 2 rate (\$/kWh) as approved by the BCUC.¹⁴⁷

¹⁴⁴ Exhibit B-1, p. 44.

¹⁴⁵ Exhibit B-1, p. 31; Exhibit B-3, IR 20.1.

¹⁴⁶ Exhibit B-3, IRs 20.1, 20.3.1.

¹⁴⁷ Exhibit B-1, Appendix C, p. R-1.

Positions of the Parties

RCIA is concerned with a lack of transparency and justification regarding Wyse's proposed service charges and submits that it is challenging for interveners to support and regulators to understand the basis for these charges. RCIA compares Wyse's Non-Sufficient Funds (NSF) Fee of \$40.00 for the first occurrence and \$65.00 for each subsequent occurrence to BC Hydro's \$6.00 equivalent residential fee and argues that customers are already incented to avoid failed payments by fees charged by their bank. RCIA also notes that Wyse confirmed that actual NSF costs estimates are less than the proposed charge.¹⁴⁸

BCOAPO notes that some of Wyse's proposed fees align with BC Hydro's fees, and therefore it supports approval of Wyse's proposed Account Set-Up Fee, Security Deposit requirements and associated terms, Late Payment Fee, Reconnection Fees, and Meter Dispute Fee. However, BCOAPO submits that the BCUC should not approve Wyse's proposed NSF Fees, Collection of Account and Disconnection Notice Fee, and Paper Bill Fee.¹⁴⁹ BCOAPO submits that the NSF fee is unreasonable and far exceeds BC Hydro's Returned Payment Charge of \$6.00, FortisBC's Returned Payment charge of \$13.00, and Wyse's actual cost. BCOAPO submits that the NSF Fee should not exceed \$30, increasing to \$40 for subsequent occurrences within 12 months.¹⁵⁰

Neither RCIA nor BCOAPO comment on the USC or the submetering agreement between the building owner and Wyse.

Wyse acknowledges that a compliance filing will be required to update certain charges and terms arising through the proceeding. It supports amendments to the Conditions of Service recommended by BCOAPO, as summarized in Table 7, as well as further the amendments listed in Table 8 below (collectively, the Conditions of Service Amendments):¹⁵¹

Table 7 – BCOAPO Proposed Changes to the Conditions of Service¹⁵²

Section	Proposed Revision
3.13	the requirement for a security deposit will also be waived if the consumer consents to Wyse obtaining a credit report which shows the customer is in good standing
Throughout	consistent use of the term "Standard Charges" (as opposed to Special Charges)
Throughout	consistent use of the term "Account Set-Up" (as opposed to Change of Occupancy) ¹⁵³

¹⁴⁸ RCIA Final Argument Confidential, pp. 16–18.

¹⁴⁹ BCOAPO Final Argument, p. 36.

¹⁵⁰ BCOAPO Final Argument, p. 14.

¹⁵¹ Wyse Final Argument pp. 4–5.

¹⁵² BCOAPO Final Argument, pp. 32–33.

¹⁵³ BCOAPO Final Argument, pp. 32–33.

Table 8 – Wyse Proposed Revisions to the Conditions of Service¹⁵⁴

BCUC IR	Document	Section	Proposed Revision
17.1.1.1	Tariff	3.11	a. Meter reads are downloaded daily;
17.1.1.1	Tariff	3.11	b. In months where no meter reading is obtained, Wyse will bill the Customer on estimated energy usage based on the Customer's historical usage of electricity as determined by Wyse. Upon obtaining an actual meter reading, Wyse will calculate and bill or credit any differences in charges since the date of the prior estimated meter reading and the date the meter was actually read.
17.1.1.1	Tariff	3.11	c. If necessary, Wyse will replace the meter to reestablish actual meter reads at no cost to the resident unless it is found that the meter had been tampered with or damaged by the customer.
18.3.1	Tariff	3.14.4	"Wyse may charge interest to the Customer for the under billing. Such interest shall be equal to the prime rate charged by Wyse's bank. Wyse will refund with interest Customers who were overbilled. Such interest shall be equal to the prime rate charged by Wyse's bank."
19.1	Tariff	3.16.8	Wyse no longer will collect payment from a resident at their premise. Wyse suggests an amendment to the Conditions of Service to remove 3.16.8 (b).
20.2.1	Tariff	3.4	Wyse suggests adding the below to first line of section 3.4 of the Conditions of Service. "These Conditions of Service are considered part of Wyse' Rate Tariff. Any changes to the is document must be approved by the British Columbia Utilities Commission. Wyse will follow the below notification policy while seeking final approval from BCUC of changes."
20.3.1	Tariff	3.4	Wyse suggests adding the following to the last sentence of section 3.4 of the Conditions of Service "Should a discrepancy be found between the Utility Services Contract and this Conditions of Service, as it relates to Wyse's Rate Tariff, the Conditions of Service shall be considered correct."
21.3	USC	All	Wyse suggests changing references to the "Conditions of Service" in the USC to "BC Submetering Tariff".
21.5.1	USC	1(b)	Wyse suggests changing the wording of 1(b) to: This Contract (including BC Submetering Services Tariff, as approved by BCUC, a copy of which is available on www.wysemeter.com) constitutes the entire agreement between the Resident and Wyse with respect to the subject matter of this Contract and supersedes all previous communications, representations, and arrangements, whether written or oral.
21.5.3	USC	2(h)	Wyse suggests changing the wording to "charged for utility consumption based on approved rates as outlined in the BC Submetering Services Tariff"

With respect to the Standard Charges, Wyse indicates it could accept BCOAPO's proposal for Wyse's 2024 NSF Fees be set at \$30, reflecting cost for the first occurrence, and at \$40 for subsequent occurrences occurring over the next 12 months.¹⁵⁵

Wyse further submits that the interim 2023 Standard Charges ought to be approved on a permanent basis and that any changes made to the Standard Charges should be applied on a go-forward basis only. Wyse argues that this would avoid the relative cost, complexity and burden to reconcile any approved amendments to charges on a customer-by-customer basis, which would necessarily be required under a retroactive approach.¹⁵⁶

Panel Determination

The Panel approves the Conditions of Service as revised by the Conditions of Service Amendments.

The Panel also approves the 2024 Standard Charges subject to Wyse filing the following amendments:

- The NSF Fee is to be set at \$30. For a further occurrence within 12 months of the previous occurrence, the fee shall be set at \$40.

¹⁵⁴ Exhibit B-3, IR 21.7, p. 37.

¹⁵⁵ Wyse Reply Argument, Appendix – Standard Charges, p. A-2.

¹⁵⁶ Wyse Reply Argument, p. 10.

- The Paper Bill Fee is to be waived for persons with no access to the internet.

The Panel considers that the revised NSF Fee better aligns with the cost that Wyse incurs if a payment fails due to insufficient funds. We also consider that the revised Paper Bill Fee means that customers who cannot access electronic bills are not penalized.

The Panel is persuaded that these changes ought to apply prospectively, because the level of effort required for Wyse to reconcile individual customer accounts outweighs the benefit.

Finally, the Panel observes that the BC Submetering Services Tariff is the source of terms, conditions, and rates, as opposed to the USC, and as such concludes that Wyse's USC does not require BCUC approval. The Panel notes that should a rate or rate-related term or condition be stated in a submetering services agreement that is intended to be charged or applied to a Wyse customer, that rate, term or condition must be set out in the BCUC-approved tariff. Should issues arise with respect to Wyse's compliance with its approved tariff, including the relationship between the tariff and submetering services agreement, the BCUC has the authority under the UCA to investigate, which could include hearing complaints on these matters.

Figure 1: Wyse's Electricity Rate Schedule page R-1¹⁵⁷

Applicability	All Consumers served by Wyse under the provision of Electricity submetering in BC. This service may be bundled with Thermal Energy Submetering Service, or other non-regulated utility submetering services.	
Rate	Service and Administration Charge \$5.76 per billing period	<i>Note 1</i>
	Submetering System Capital Charge Charged in accordance with the contracted rate set out in the applicable Submetering Agreement between the Building Owner and Wyse	<i>Note 2</i>
	Regulatory Asset Capital Charge \$2.18 per billing period	<i>Note 3</i>
	Energy Charge Equivalent to the Energy Charges set out in BC Hydro Rate Schedule 1121 – Multiple Residential Service as approved by the BCUC and in effect during the billing period; consisting of: • A Step 1 rate (\$/kWh) for consumption of electricity (kWh) in an average one month billing period up to the Step 1 consumption threshold, as approved by the BCUC; and • A Step 2 rate (\$/kWh) for consumption (kWh) of electricity over the Step 1 consumption threshold in an average one month billing period, as approved by the BCUC.	<i>Note 4</i>
	Regulatory Administration Charge \$0.61 per billing period	<i>Note 5</i>
	Bad Debt Recovery Charge \$0.53 per billing period	<i>Note 6</i>
Billing Period	Monthly	

The Panel notes that while Wyse's proposed Electricity Rate Schedule defines Energy Charge, the Schedule does not specify the amount. This is inconsistent with UCA section 61(1), which requires a public utility to file with the BCUC "schedules showing all rates."

¹⁵⁷ Exhibit B-1, Appendix C, p. R-1.

Similarly, the Electricity Rate Schedule defines Submetering System Capital Charge but does not specify the amount because it cross-references the Submetering Agreement between the Building Owner and Wyse. The Panel acknowledges that Wyse does not yet have in place any submetering systems for which it seeks to recover such a charge in rates. We also acknowledge that Wyse has requested a limited exemption for the rate recovery of the capital cost, which we address in section 7.2 below. When the time comes, however, for Wyse to recover its capital cost for new submetering systems, Wyse must comply with section 61(1) of the UCA.

Accordingly, the Panel approves the Electricity Rate Schedule subject to Wyse amending the schedule to clearly show all rates, including the rate amounts for the Submetering System Capital Charge and the Energy Charge.

The Panel directs Wyse to file with the BCUC within 30 days of the date of this decision, updated tariff pages with:

- the approved Conditions of Service reflecting the Conditions of Service Amendments,
- the approved 2024 Standard Charges as amended by Wyse, and
- the approved Electricity Rate Schedule as amended by Wyse.

7.2 Limited Exemption for the Rate of Recovery of the Capital Cost

Wyse requests exemption from sections 58 to 60 of the UCA in the matter specifically of the BCUC approving a rate for recovery of the capital cost of new submetering systems negotiated between a building owner and Wyse. Wyse requests the BCUC to seek advance approval to grant the proposed limited exemption, pursuant to section 88(3) of the UCA. If exempted, Wyse would maintain the capital charge component of rates wholly within individual building contracts (submetering agreements) as the outcome of competitive and confidential negotiations. Wyse indicates that capital cost recovery may be ██████████ of the total rate for electricity submetering, while the additional regulatory cost adds another ██████████. Wyse submits that “a limited exemption as proposed is appropriate to mitigate an expected disproportionate cost and burden of traditional regulation for small submetering systems, where the scale of both system costs and public interest benefits are governed well by a competitive market to serve the identified need for service as sought by building owners.”¹⁵⁸

Wyse argues that the capital cost of a new submetering system is a component of any competitive and confidential contract negotiated between Wyse and a building owner, and that both are sophisticated parties. According to Wyse, a building owner would be motivated to prefer a proponent offering the lowest cost for example. Absent an exemption, Wyse would have to seek BCUC approval of a standalone capital charge rate for each new submetering system, incurring further cost and frustrating confidential negotiations. Wyse submits that an alternative requiring a single approved rate for all new systems would be unfair to individual, uniquely served buildings, and could lead to cross-subsidies between buildings.¹⁵⁹

Wyse states that a customer in one building to which charges may be applicable will only pay for the system that serves it and will not pay for the submetering system investments in another building. Wyse explains that it would structure its return of the capital investment in a new submetering system through a contracted rate applicable over the term of the contract, which would align with the expected useful or economic life of the submetering system, and the rate would likely be structured on a levelized basis. In its proposed Electricity Rate Schedule, Wyse sets the capital charge rate in reference to the applicable confidential agreement between the building owner and Wyse.¹⁶⁰

¹⁵⁸ Exhibit B-1, pp. 2, 16–17; Exhibit B-1-1, p. 17.

¹⁵⁹ Wyse Final Argument, pp. 10–11.

¹⁶⁰ Exhibit B-17, RCIA IR 31.1; B-3, BCUC IR 14.1; Exhibit B-1, Appendix C, p. R-1.

Wyse summarizes that with its proposed exemption the public interest is protected because the contracted rates are governed by competitive interests.¹⁶¹

Further, Wyse submits that the cost of regulating this aspect of its rates would be out of balance with the benefits of regulation. Further, that the “limited exemption will align with both the principles articulated in the Commission’s AES Inquiry Report – to use the least amount of regulation needed to protect the ratepayer and that the benefits of regulation should outweigh the costs – and with the intent of the Commission’s ongoing Regulatory Efficiency Initiative.”¹⁶²

Positions of the Parties

RCIA opposes Wyse’s request and submits that it is unreasonable to expect two parties with economic interests not aligned with the ratepayer to negotiate a fair and just agreement on the ratepayers’ behalf.¹⁶³

BCOAPO also opposes Wyse’s request. BCOAPO submits that a contract negotiated in confidence potentially exposes the ratepayers to unfair, unreasonable and unjust costs and contractual terms. BCOAPO proposes that BCUC set a framework for recovery of capital costs and that if Wyse complies with that framework no further process is needed.¹⁶⁴

In reply, Wyse submits that BCOAPO’s proposed framework is unnecessary, would impose additional cost with limited benefit to ratepayers, and would constitute discriminatory treatment between Wyse and its unregulated competitors. Recovery of costs of new systems from occupants outside of rate-regulation is no different in scale and application to the approach used for the regulation of Stream A TES public utilities.¹⁶⁵

Panel Determination

The Panel denies Wyse’s request for an exemption from sections 58 to 60 of the UCA for approval of contracted charges for recovery of the capital cost of new submetering systems.

The Panel shares interveners’ concerns that the interests of the parties negotiating this capital cost may not be aligned with the interests of ratepayers. For example, we do not accept Wyse’s assertion that a building owner might be motivated to select a submetering service provider based on lowest cost because it is the ratepayer who will ultimately bear the cost. Of particular concern is Wyse’s intention to keep confidential in its tariff the capital cost negotiated with the building owner, as well as the resulting charge to ratepayers to recover this cost.

Further, since Wyse will already be filing for BCUC approval of rates for its electric submetering systems, we do not accept that the marginal regulatory cost of including this capital cost in its applications is outweighed by the benefit of BCUC regulation, considering that the capital cost portion of the rate for a future new end-user of electricity submetering is not insignificant.

If we did approve Wyse’s request for an exemption, our approval would only affect Wyse’s rate design and not its revenue requirements or rates for this Test Period, because Wyse does not have any electricity submetering systems for capital cost recovery. Wyse states, however, that it intends to acquire new submetering systems over the next five years, and therefore this issue could soon have more implications to both Wyse and its ratepayers. The BCUC is not bound by its own decisions, and therefore the BCUC will decide Wyse’s next application for revenue requirements and rates based on the merits and justice of that application.

¹⁶¹ Exhibit B-17, RCIA IR 43.1.

¹⁶² Wyse Final Argument, p. 11; Exhibit B-1, pp. 2–3.

¹⁶³ RCIA Final Argument, p. 10.

¹⁶⁴ BCOAPO Final Argument, p. 34.

¹⁶⁵ Wyse Reply Argument, pp. 20–21.

7.3 Alternative Approaches to Future Rate Setting

During the proceeding, the Panel asked Wyse to elaborate on its plans for future rate change proposals. Wyse notes that having considered filing a multi-year test period in the Application, it decided that a single year test period (2024) would be a prudent approach for its first application. In Wyse's view, the certainty gained with an approved revenue requirements and rate design for 2024 will provide the appropriate basis to consider the merits and cost-effectiveness of a multi-year rate setting period in the future.¹⁶⁶

With respect to alternative regulatory frameworks for setting future rates, Wyse states that beyond establishing a longer test period it may be appropriate in subsequent applications to consider whether there are any benefits to rate-setting alternatives. Wyse welcomed guidance from the BCUC in this respect. Wyse submits that future rate change proposals may best be subject to a general review of submetering in the BC market.¹⁶⁷

Panel Determination

In this decision the Panel has determined, among other things, that Wyse is a TES Provider, approved a mechanism for the recovery of energy costs, and approved the rate design and rates for 2023 and 2024 for the provision of Wyse's electricity submetering service. With consideration of the size of Wyse's revenue requirement related to the provision of its electricity submetering service, the size of its customer base, and the similarities in submetering service between electricity and thermal energy buildings, in the Panel's view, there could be regulatory efficiencies and cost savings under alternative approaches to setting rates.

Therefore, the Panel directs Wyse to explore and propose alternatives approaches to electricity rate setting in its next rate application. Possible alternatives could include any one of the following or a combination thereof:

- Multi-year rate application;
- Automatic rate-setting mechanism based on a formulaic approach – this approach could involve indexing Wyse's rate changes for its fixed charges to BC Hydro or another utility in BC;
- Limited regulatory review process if the proposed rate changes are within a certain percentage band (e.g., within +/- 3 percent or inflation);
- A consolidated single Basic Charge to recover its service and administration expenses, Regulatory Asset Cost deferral account, regulatory expenses related to ongoing regulatory matters, and bad debt expenses; and
- A request for exemption from rate regulation for the provision of its electricity submetering service similar to the exemption provided for its thermal energy submetering service in BC, with compliance reporting as appropriate.

The Panel expects Wyse to propose a format for its future rate application that is suitable for the utility, its customers, and the BCUC and to include the justification for its proposal.

7.4 Confidentiality

Wyse states that the public version of the Application includes redactions of customer and commercially sensitive or proprietary information as follows:

- Customer-specific information into the scope of service for systems in operation;
- Wyse-specific corporate organization, shareholder details, financial capacity and process flows;

¹⁶⁶ Exhibit B-3, BCUC IR 10.2.

¹⁶⁷ Exhibit B-3, BCUC IRs 10.4, 10.6.

- Partner-specific install and commissioning services;
- New submetering system prospects and capital costs; and
- Detailed cost of service, billing determinants and rate calculations.

Wyse submits that public disclosure of the redacted information could reasonably be expected to result in undue financial harm or prejudice to the competitive or negotiating position of Wyse in the competitive market for submetering services. Wyse requests that, pursuant to section 18 of the BCUC's Rules of Practice and Procedure (Rules),¹⁶⁸ the redacted information be kept confidential.¹⁶⁹

Panel Determination

Pursuant to section 19 of the Rules, the Panel may, with or without a hearing or further process, grant a request for confidentiality on any terms it considers appropriate. In this instance, the Panel considers that further information is required prior to a final determination on confidentiality.

Accordingly, Wyse is directed to make a submission to the Panel, within 14 days of the issuance of this decision, regarding any portions of this decision that should be kept confidential. Wyse's submission must include justification for its position, as well as any proposed redactions that it considers should be made to the decision before it is made public. This decision will be held confidential pending a final determination on confidentiality in this proceeding.

The Panel expects that the proposed redactions will be limited to certain words or phrases or specific sections of tables that warrant confidential treatment.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of November 2024.

Electronically signed by Blair Lockhart

E. B. Lockhart
Panel Chair

Electronically signed by Bernard Magnan

B. A. Magnan
Commissioner

¹⁶⁸ BCUC Order G-72-23.

¹⁶⁹ Exhibit B-1, cover letter, p. 1.

Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

LIST OF ACRONYMS

Acronym	Description
\$/kWh	Dollars per kilowatt-hour
2023 Interim Rates	The rates Wyse was charging its customers in June 2023, which were approved on an interim basis by Order G-168-23.
2023 Rates	Rates for the provision of Wyse's electricity submetering service for the period from June 28, 2023 to December 31, 2023
2024 Rates	Rates for the provision of Wyse's electricity submetering service, effective January 1, 2024
AES Inquiry Report	Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives
Application	Wyse's November 20, 2023 application to the BCUC seeking, among other things, approval of its rates, tariff, terms and conditions and submetering systems, as directed by BCUC Order G-168-23
BC	British Columbia
BC Hydro	British Columbia Hydro and Power Authority
BC Submetering Services Tariff	Appendix C of the Application
BCUC	British Columbia Utilities Commission
BCOAPO	British Columbia Old Age Pensioners' Organization et al.
BDDA	Bad Debt Deferral Account
Compliance Filing	A filing to be made to the BCUC within 30 days of the date of Order G-312-24 setting out -Wyse's recalculated revenue requirements and rates based on the Panel's determinations and directives in this decision
Conditions of Service	The conditions of service included in Wyse' BC Submetering Services Tariff
Conditions of Service Amendments	Amendments to the conditions of service proposed in the Application as summarized in Tables 7 and 8 of this decision
CPCN	Certificate of Public Convenience and Necessity
DARR	Deferral Account Rate Rider
Electricity Rate Schedule	Electricity submetering service rate schedule included in Wyse's BC Submetering Services Tariff

Acronym	Description
Existing Electricity Submetering Systems	Wyse's existing electricity submetering systems in British Columbia
IR	Information request
kW	Kilowatt
kWh	Kilowatt-hour
Metergy	Metergy Solutions Inc.
NSF	Non-sufficient funds
RACC	Regulatory Asset Capital Charge
RCIA	Residential Consumer Intervener Association
RCDA	Regulatory Cost Deferral Account
ROE	Return on equity
Service and Administration Charge	Charge to recover forecast service and administration expenses
Standard Charges	Standard charges included in Wyse's BC Submetering Services Tariff
TES	Thermal energy systems
TES Exemptions	The Micro TES, Strata TES, and Stream A TES class of cases exemptions granted pursuant to BCUC Orders G-119-14, G-120-14, and G-121-14, respectively.
TES Guidelines	The BCUC Thermal Energy Systems Regulatory Framework Guidelines issued in 2015
TES Provider	A person who owns and/or operates a thermal energy system
Test Period	June 28, 2023 to December 31, 2024
TIRR	Trade Income Rate Rider
UCA	<i>Utilities Commission Act</i>
USC	Utility services contract

Acronym	Description
WACC	Weighted average cost of capital
WACD	Weighted average cost of debt
Wyse	Wyse Meter Solutions Inc.

Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

EXHIBIT LIST

Exhibit No.	Description
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COMMISSION DOCUMENTS

A-1	Letter dated January 4, 2024 – Appointment of Panel for the review of the Wyse Meter Solutions Inc. (Wyse) Submetering Systems and Rates for Service
A-2	Letter dated January 4, 2024 – BCUC Order G-1-24 establishing a regulatory timetable with Reasons for Decision
A-3	Letter dated January 18, 2024 – BCUC response regarding Participant Cost Award Availability
A-4	PUBLIC – Letter dated February 14, 2024 – BCUC Information Request No. 1 to Wyse
A-5	CONFIDENTIAL – Letter dated February 14, 2024 – BCUC Confidential Information Request No. 1 to Wyse
A-6	Letter dated March 27, 2024 – BCUC Order G-92-24 establishing a further timetable
A-7	PUBLIC – Letter dated April 11, 2024 – BCUC Information Request No. 2 to Wyse
A-8	CONFIDENTIAL – Letter dated April 11, 2024 – BCUC Confidential Information Request No. 2 to Wyse
A-9	Letter dated April 16, 2024 – BCUC Order G-113-24 amending a timetable
A-10	Letter dated May 17, 2024 – BCUC Order G-140-24 amending a timetable
A-11	Letter dated May 27, 2024 – Panel Information Request No. 1 to Wyse
A-12	Letter dated July 2, 2024 – BCUC response regarding Metergy Solutions Inc. Letter of Comment
A-13	Letter dated July 19, 2024 – BCUC Order G-195-24 amending a timetable

APPLICANT DOCUMENTS

B-1	PUBLIC - WYSE METER SOLUTIONS INC. (WYSE) - Submetering Systems and Rates for Service dated November 30, 2023
B-1-1	CONFIDENTIAL - Letter dated November 30, 2023 – Wyse submitting confidential Submetering Systems and Rates for Service
B-2	Letter dated February 2, 2024 – Wyse submitting confirmation of Notice requirements in compliance with Order G-1-24
B-3	PUBLIC - Letter dated March 7, 2024 – Wyse submitting response to BCUC Information Request No. 1
B-4	CONFIDENTIAL - Letter dated March 7, 2024 – Wyse submitting confidential responses to BCUC Confidential Information Request No. 1
B-5	PUBLIC - Letter dated March 7, 2024 – Wyse submitting response to RCIA Information Request No. 1
B-6	CONFIDENTIAL - Letter dated March 7, 2024 – Wyse submitting responses to RCIA Confidential Information Request No. 1
B-7	PUBLIC - Letter dated March 7, 2024 – Wyse submitting response to BCOAPO Information Request No. 1
B-8	CONFIDENTIAL - Letter dated March 7, 2024 – Wyse submitting responses to BCOAPO Confidential Information Request No. 1
B-9	Letter dated March 7, 2024 – Wyse submitting response to BC Hydro Information Request No. 1
B-10	CONFIDENTIAL - Letter dated March 7, 2024 – Wyse submitting confidential responses to BCUC, RCIA and BCOAPO Public Information Requests No. 1
B-11	Letter dated April 15, 2024 – Wyse requesting extension for the submission of responses to Information Request No. 2
B-12	PUBLIC - Letter dated May 16, 2024 – Wyse submitting response to BCUC public Information Request No. 2
B-13	CONFIDENTIAL - Letter dated May 16, 2024 – Wyse submitting response to BCUC confidential Information Request No. 2

B-14	PUBLIC - Letter dated May 16, 2024 – Wyse submitting response to BC Hydro public Information Request No. 2
B-15	PUBLIC - Letter dated May 16, 2024 – Wyse submitting response to BCOAPO public Information Request No. 2
B-16	CONFIDENTIAL - Letter dated May 16, 2024 – Wyse submitting response to BCOAPO confidential Information Request No. 2
B-17	PUBLIC - Letter dated May 16, 2024 – Wyse submitting response to RCIA public Information Request No. 2
B-18	CONFIDENTIAL - Letter dated May 16, 2024 – Wyse submitting response to RCIA confidential Information Request No. 2
B-19	PUBLIC - Letter dated June 10, 2024 – Wyse submitting public response to Panel Information Request No. 1
B-19-1	CONFIDENTIAL - Letter dated June 10, 2024 – Wyse submitting confidential response to Panel Information Request No. 1
B-20	Letter dated July 19, 2024 – Wyse requesting extension to file Reply Argument

INTERVENER DOCUMENTS

C1-1	RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) - Letter dated January 12, 2024 submitting request to intervene by Abdulrahman Abomazid
C1-2	Letter dated January 10, 2024 – RCIA submitting Confidentiality Declaration and Undertaking Forms
C1-3	Letter dated January 29, 2024 – RCIA submitting Confidentiality Declaration and Undertaking Form
C1-4	PUBLIC – Letter dated February 22, 2024 – RCIA Information Request No. 1 to Wyse
C1-5	CONFIDENTIAL – Letter dated February 22, 2024 – RCIA confidential Information Request No. 1 to Wyse
C1-6	PUBLIC – Letter dated April 11, 2024 – RCIA Information Request No. 2 to Wyse
C1-7	CONFIDENTIAL – Letter dated April 11, 2024 – RCIA confidential Information Request No. 2 to Wyse
C2-1	BRITISH COLUMBIA OLD AGE PENSIONERS’ ORGANIZATION, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, COUNCIL OF SENIOR CITIZENS’ ORGANIZATIONS OF BC, TENANTS RESOURCE AND ADVISORY CENTRE, AND TOGETHER AGAINST POVERTY SOCIETY (BCOAPO) – Letter dated January 16, 2024 request to intervene by Leigha Worth
C2-2	Letter dated January 24, 2024 – BCOAPO submitting Confidentiality Declaration and Undertaking Forms
C2-3	PUBLIC - Letter dated February 22, 2024 – BCOAPO Information Request No. 1 to Wyse

C2-4	CONFIDENTIAL - Letter dated February 22, 2024 – BCOAPO confidential Information Request No. 1 to Wyse
C2-5	PUBLIC – Letter dated April 11, 2024 – BCOAPO Information Request No. 2 to Wyse
C2-6	CONFIDENTIAL – Letter dated April 11, 2024 – BCOAPO confidential Information Request No. 2 to Wyse
C3-1	BRITISH COLUMBIA HYDRO AND POWER AUTHORITY (BC HYDRO) – Letter dated January 16, 2024 request to intervene by Chris Sandve
C3-2	Replaced by Exhibit C3-2-1
C3-2-1	Letter dated February 22, 2024 – BC Hydro replaced Information Request No. 1 to Wyse
C3-3	Letter dated April 11, 2024 – BC Hydro Information Request No. 2 to Wyse

INTERESTED PARTY DOCUMENTS

D-1	METERGY SOLUTIONS INC. (METERGY) – Letter of Comment dated June 28, 2024
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Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

SUMMARY OF DIRECTIVES

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

Reference	Directive
Directive 1 of Order	A CPCN is granted to Wyse for its existing electricity submetering systems, located in the buildings specified in Appendix F of the Application.
Directive 2 of Order	Wyse's applied-for rates and rate design are approved on a permanent basis for 2023 effective for the period from June 28, 2023 to December 31, 2023 (2023 Rates) subject to the adjustments resulting from the determinations and directives contained in the Decision.
Directive 3 of Order	Wyse's applied-for rates and rate design are approved on a permanent basis for 2024 effective January 1, 2024 (2024 Rates) subject to the adjustments resulting from the determinations and directives contained in the Decision.
Directive 4 of Order	Wyse is directed to recalculate its revenue requirements and rates based on the Panel's determinations and directives in the Decision and to file these in a compliance filing with the BCUC (Compliance Filing) within 30 days of the date of this order.
Directive 5 of Order	Wyse is directed to refund or recover the difference between the rates approved on a permanent basis and the rates approved on an interim basis by Order G-168-23 with interest calculated at the average prime rate of Wyse's principal bank for its most recent fiscal year. Wyse is directed to include in the Compliance Filing, the amounts to be refunded or recovered, and the timing.
Directive 6 of Order	Wyse is directed to establish the Regulatory Cost Deferral Account as a non-rate base deferral account to capture certain costs related to Wyse's electricity submetering service, effective June 28, 2023, in accordance with the determinations set out in section 5.2 of the Decision.
Directive 7 of Order	Wyse is approved to establish the Ongoing Regulatory Cost Deferral Account as a non-rate base deferral account to capture the variances between forecast and actual regulatory costs related to Wyse's electricity submetering service, effective January 1, 2024, in accordance with the determinations set out in section 5.3 of the Decision.

Directive 8 of Order	Wyse is approved to establish the Bad Debt Deferral Account as a non-rate base deferral account to capture the variances between forecast and actual bad debt expenses related to Wyse's electricity submetering service, effective January 1, 2024, in accordance with the determinations set out in section 5.4 of the Decision.
Directive 9 of Order	Wyse is directed to administer the flow-through of any BC Hydro rate riders and one-time bill credits as follows: a. For BC Hydro rate riders, as amended in the BC Hydro tariff and applicable to RS 1121 energy rates, Wyse is to file amended tariff pages reflecting the rate rider(s) within 30 days of BC Hydro's effective date for the amendment. b. For one-time BC Hydro credits applied by BC Hydro at the building level, Wyse is to apply to the BCUC to flow through any BC Hydro credits within 30 days of BC Hydro's effective date for the one-time credit.
Directive 10 of Order	Wyse is directed to file with the BCUC, within 30 days of the date of this order, updated tariff pages in accordance with the determinations set out in section 7.1 of the Decision and reflecting the permanent 2023 Rates and 2024 Rates.
Directive 11 of Order	Wyse is directed to file the following information with the BCUC within 30 days of signing a submetering agreement with the building owner for an electricity submetering system: a. the location and building address, b. the number of submetered units, and c. the in-service date (actual or estimated).
Directive 12 of Order	Wyse is directed to file written submissions within 14 days of the issuance of this order, with respect to the confidentiality of information contained in the Decision, in accordance with the determinations set out in section 7.4 of the Decision. The Decision will be held confidential pending a final determination on confidentiality in this proceeding.
Directive 13 of Order	Wyse is directed to comply with all other directives set out in the Decision.

Page 17 of Decision	The Panel denies Wyse’s request to include actual regulatory costs in rate base. Instead, the Panel directs Wyse to establish a non-rate base deferral account, the Regulatory Cost deferral account, effective June 28, 2023, to capture the following costs related to Wyse’s electricity submetering service: • The actual third-party legal and regulatory costs incurred in relation to the BCUC’s proceeding on Wyse’s public utility status, the development of the Application, and the BCUC’s proceeding to review the Application; • The actual participant cost awards associated with the BCUC’s proceeding on Wyse’s public utility status and the BCUC’s proceeding to review the Application; and • The actual BCUC fees levied to Wyse that are directly related to the review of the Application.
Page 18 of Decision	The Panel directs that the balance in the Regulatory Cost deferral account accrue carrying costs at Wyse’s WACC, as determined in section 6.6 of this decision, and that the deferral account captures the related tax provision. The deferral account balance is to be amortized over 15 years, beginning in 2024, and recovered from Wyse’s electricity submetering ratepayers through a rate, entitled the “Regulatory Cost Recovery Charge” instead of the RACC, on a levelized basis based on Wyse’s WACC.
Page 18 of Decision	Therefore, for the purposes of calculating the 2024 Regulatory Cost Recovery Charge, the Panel directs that the amortization of the Regulatory Cost deferral account be calculated based on the actual and forecast regulatory costs of [REDACTED].
Page 18 of Decision	The Panel directs Wyse, in its next rates application to the BCUC, to provide details of any variances between the final actual costs that are captured in the Regulatory Cost deferral account and the forecast amount of [REDACTED].
Page 19 of Decision	The Panel finds Wyse’s forecast regulatory costs of [REDACTED] reasonable for the purposes of setting the Regulatory Administration Charge for 2024. However, the Panel directs the forecast regulatory costs for 2023 be reduced to \$nil for the purposes of calculating the Regulatory Administration Charge for the period from June 23, 2023 to December 31, 2023.
Page 20 of Decision	The Panel approves, effective January 1, 2024, the establishment of a non-rate base deferral account, the Ongoing Regulatory Cost deferral account, to capture the variances between forecast and actual regulatory costs related to Wyse’s electricity submetering service. The Panel approves a one-year amortization period for the balances in the Ongoing Regulatory Cost deferral account, and the application of carrying costs to the balances in the account at Wyse’s WACC.

Page 22 of Decision	Based on the reasons in the following sections, the Panel approves Wyse's WACC effective June 28, 2023, subject to the determinations and directives contained this decision, and directs Wyse to recalculate its WACC accordingly in a compliance filing.
Page 23 of Decision	The Panel approves Wyse's proposed weighted average cost of debt of [REDACTED] percent, effective June 28, 2023.
Page 24 of Decision	The Panel establishes a deemed equity structure of 40 percent and an allowed ROE of 11 percent, effective June 28, 2023.
Page 27 of Decision	The Panel directs an annual return on equity of [REDACTED] for each of 2023 and 2024 for Wyse to be recovered through the basic charge in 2023 and through the service and administration charge in 2024.
Page 28 of Decision	If Wyse continues to not have a rate base balance in its next test period, the Panel directs Wyse to propose alternative methods to setting its return, along with the supporting justification, in its next rate application.
Page 29 of Decision	The Panel approves Wyse to set flow-through energy charges for its customers in the BC Hydro service area equivalent to the rates set out under BC Hydro's RS 1121, as approved by the BCUC and in effect during the monthly billing period.
Page 30 of Decision	To ensure Wyse's tariff remain current with BC Hydro approved rates, the Panel directs Wyse to file amended tariff pages with the BCUC within 30 days of the effective date of any amendments to the energy rates set out in BC Hydro's RS 1121.
Page 32 of Decision	The Panel approves the Conditions of Service as revised by the Conditions of Service Amendments.
Page 32-33 of Decision	The Panel also approves the 2024 Standard Charges subject to Wyse filing the following amendments: • The NSF Fee is to be set at \$30. For a further occurrence within 12 months of the previous occurrence, the fee shall be set at \$40. • The Paper Bill Fee is to be waived for persons with no access to the internet.
Page 34 of Decision	Accordingly, the Panel approves the Electricity Rate Schedule subject to Wyse amending the schedule to clearly show all rates, including the rate amounts for the Submetering System Capital Charge and the Energy Charge.
Page 35 of Decision	The Panel denies Wyse's request for an exemption from sections 58 to 60 of the UCA for approval of contracted charges for recovery of the capital cost of new submetering systems.
Page 36 of Decision	Therefore, the Panel directs Wyse to explore and propose alternatives approaches to electricity rate setting in its next rate application.

Wyse Meter Solutions Inc.
Submetering Systems and Rates for Service

EXCERPTS OF CONFIDENTIAL EXHIBITS TO BE MADE PUBLIC

Exhibit B-1-1 Confidential Application
p. 4, paragraph 3 At present, all premises that Wyse submeters in BC are multi-residential occupancy buildings. Wyse serves fourteen properties with electricity submetering in the communities of Burnaby, West Vancouver, Victoria, West Kelowna, and Vernon. Each of the fourteen properties are served by BC Hydro for bulk electricity requirements as measured through a single meter. Wyse provides thermal energy submetering and billing services to an additional 4 properties in Vancouver and North Vancouver.
p. 17, paragraph 4 As highlighted above and elaborated upon in sections 4 and 5, the average capital cost of a new electricity submetering system may be in the range of [REDACTED]. This total cost is relatively low in the scheme of scaled regulation but not in relation to the cost of utility regulation in any given process.
p. 28, paragraph 1 Wyse is currently contracted to provide thermal energy submetering to 4 buildings as summarized in the following table and in Appendix F.
p. 40, paragraph 1 1. [...] Wyse took over the systems at these buildings and the net book value of the assets have been written off for the purpose of cost allocation and recovery. There is no applicable rate base in relation to these costs that may otherwise be factored into the determination of an interim or permanent rate for existing customers served by electricity submetering; 2. There are no new electricity submetering systems forecast to be placed into service in the 2024 test year;
p. 42, paragraph 2. Wyse applies for approval of a Regulatory Administration Charge (\$/unit/month) to recover the forecast recurring expense to support ongoing regulatory applications, proceedings, review processes, and compliance requirements under the regulatory framework in BC.
p. 46, Table 13.

Exhibit B-1-1 Confidential Application

Table 13 – Regulatory asset cost of the Commission proceeding costs into public utility status

Component	Cost
Third-party Legal and Regulatory	
Participant Assistance Cost Award (PACA)	\$31,320
Total	

p. 51, paragraph 2

The projected return on capital is determined in reference to Wyse's weighted average cost of capital (WACC) of [REDACTED], which is based on an average after-tax cost of debt of [REDACTED], a targeted return on equity (ROE) by Wyse shareholders of [REDACTED], and an equity thickness of [REDACTED]. The ROE and overall WACC underscores the effect of the competitive nature of submetering service and the associated business risk governing the access to and cost of capital within this market.

p. 52, Table 21

Table 21 – Proposed Rates for Electricity Submetering Service - 2024

Charge	Cost of Service	Billing Determinants	Proposed Rate 2024
	\$	units	\$/unit/month
Service and Administration			5.76
Regulatory Asset			2.18
Regulatory Administration			0.61
Bad Debt Recovery			0.53

Exhibit B-4 Wyse responses to BCUC Confidential IR 1

BCUC IR 1.2

Please refer to the following table

1							Equipment Owned by Property		
2							Equipment Owned by Property		
3							Equipment Owned by Property		
4									

Exhibit B-4 Wyse responses to BCUC Confidential IR 1**BCUC IR 2.1**

The BCUC may levy Commissioner and consultant costs as incurred to support its review and determinations in a public hearing process directly to the utility that has filed the application that gave rise to the public hearing process. The noted line item refers to this placeholder forecast, subject to final costs as incurred being known and levied. Regulatory Administration expense concerns rather the incremental annual cost in BC to comply with future rates approvals and reporting requirements of the BCUC; the placeholder forecast of [REDACTED] is coincidentally the same.

BCUC IR 3.2

The forecast of [REDACTED] is overall indicative, projected broadly in relation to the costs incurred in the proceeding Wyse Meter Solutions Inc. Status as a Public Utility, but also considering actual costs in third party legal and regulatory costs in 2023 to comply with Order G-168-23 and to file the current Application. Approximately [REDACTED] of the forecast [REDACTED] in third party legal and regulatory costs are the actual costs incurred in 2023. The "Application review" forecast costs in Table 14 for PACA and for BCUC fees may reasonably be expected to be incurred in 2024.

Wyse expects that a final rate for the Regulatory Asset Capital Charges would be set under a compliance filing to follow a decision arising out of this Application when final costs are known.

BCUC IR 3.3

As proposed, the RACC will include the recovery of the capital (depreciation) and on the capital (WACC) that was invested to support and comply with the development of regulated service in BC by Wyse. As such, it is treated effectively as a project development cost. Wyse will respect a determination of the Commission if the requested approval requires that a rate base deferral account be established.

Wyse elaborates its view that the inclusion of project development costs in rate base is reasonable and a broadly accepted regulatory framework for cost recovery given utility investments of both debt and equity to carry project investments forward for regulatory approval and implementation and to seek recovery of such costs over time. The approach also supports the principle of matching recovery of the costs incurred from all customers that will receive benefits from the project on an ongoing basis— in this case the framework now established for regulatory oversight of Wyse submetering services and rates going forward. If such costs were to be treated as an expense, then the current period rate impact would be relatively high and unfair. Please refer to the response to BCUC IR Series 4.0.

As Wyse also emphasizes in its response to BCUC IR 4.1, it may arise that other submetering service providers are similarly governed under the precedent established through Order G-168-23 and that the circumstance may then arise wherein future customers of such providers ought also to share in the recovery of the development costs to establish the regulatory framework for submetering in BC.

BCUC IR 4.1 Please complete the following table to show the actuals for the past five years.

Exhibit B-4 Wyse responses to BCUC Confidential IR 1

Year	Net Income	Equity (in \$)	Equity (in % of rate base)	Return on Equity
2023				
2022				
2021				
2020				
2019				

RESPONSE:

There is no applicable data to include in the table in relation to the evidence as filed and as referred to in respect of the reference noted in the preamble to this IR.

BCUC IR 4.2.1

The table below summarizes the ROE of infrastructure companies that are relatively the same size as Wyse and operate in Canada and North America.

Company Name	ROE

BCUC IR 4.3 Please confirm, or otherwise explain, that the equity thickness of [REDACTED] is the deemed equity thickness that Wyse is proposing to use for regulatory rate setting purposes.

RESPONSE:

Confirmed.

BCUC IR 4.3.1

Our business is highly competitive and our ability to finance the business depends on debt. The debt however is dependent on outside resources and the financing terms available from these resources. We believe that the capital structure of Wyse is optimal in managing the variability of financial terms within our risk limits.

BCUC IR 4.4

b) The financial integrity requirement – the return on capital should enable the financial integrity of the regulated enterprise to be maintained. The ROE provides Wyse with sufficient margin to sustainably operate its business, given all the recurring expenses and overheads;

c) The capital attraction requirement – the return on capital should permit incremental capital to be attracted to the enterprise on reasonable terms and conditions. This is the ROE required of Wyse by the investor to be deemed as an attractive investment.

BCUC IR 4.6

Exhibit B-4 Wyse responses to BCUC Confidential IR 1

The after-tax cost of debt is based on the forecasted weighted average of the following cost of debt components: [REDACTED] assuming each loan accounts for 33%.

BCUC IR 5.1

Please refer to the tables below.

Electricity

Component	2019	2020	2021	2022	2023
Depreciation	[REDACTED]				[REDACTED]
Return on Capital					[REDACTED]
Income Tax Provision					[REDACTED]
Service and Administration					[REDACTED]
Regulatory Administration					[REDACTED]
Bad Debt					16,860
Total Cost of Service	[REDACTED]				[REDACTED]

Exhibit B-6 Wyse responses to RCIA Confidential IR 1**RCIA IR 2.1.**

Currently Wyse is carrying the below debt at the listed actual weighted average rates. Each loan is made of various debts taken out at different times and rates.

<u>Loan</u>	<u>Outstanding - short (\$'000s)</u>	<u>Rate</u>
-------------	--------------------------------------	-------------

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Exhibit B-10 Wyse responses to BCUC, RCIA and BCOAPO Public IR 1**BCUC IR 3.2**

Please refer to the following table.

Exhibit B-10 Wyse responses to BCUC, RCIA and BCOAPO Public IR 1

\$/bill	2019	2020	2021	2022	2023	2024
Corporate Overhead						
Billing Platform						
External collections and billing services						
Communications and Repairs						
Total						5.76

BCUC IR 6.1

Please refer to the following table for total revenue and bad debt expense in British Columbia.

	2019	2020	2021	2022	2023	2024 (Est.)
Total Revenue						
Bad Debt Expense						
%					2.4%	1.00% (Est.)

The 2024 estimated figures are based on the forecast cost of service, proposed rates and information set out in the Application.

Wyse does not have separate revenue and bad debt reporting for BC for the period 2019-2023. Revenue estimates are provided based on actual unit administration costs and energy charges prorated in proportion to actual total fixed costs (unit administration costs * billed units). Bad debt is estimated by applying the portfolio wide percentages in each year.

BCUC IR 11.3

Please refer to the response to BCUC IRs 3.2 and 11.1. The response to BCUC IR 3.2 highlights that:

- the electricity service administration charges in effect during 2023 are approximately [REDACTED] of an average basis; and
- the thermal service administration charges in effect during 2023 are approximately [REDACTED] of an average basis.

Exhibit B-13 Wyse responses to BCUC Confidential IR 2**BCUC IR 7.6**

Wyse employs a similar business model to the construction industry, where we purchase equipment and material and install at the client properties. Construction companies often operate on a project by-project basis, which can lead to similar financial cycles and cash flow patterns Wyse and construction companies frequently engage in long-term contracts with clients. Regardless of the size of the organizations the impact of long-term contracts remains the same in nature on revenue recognition and cash flow.

Exhibit B-13 Wyse responses to BCUC Confidential IR 2

Our business model is capital intensive like the construction industry, requiring significant upfront investments in equipment and technology (meters, modems, gateways, etc.). This similarity can make it relevant to compare financial ratios relating to usage and return on capital.

While there may be no ideal comparable for submetering, Wyse considers that based on these characteristics the construction industry is the most appropriate industry for comparison.

BCUC IR 7.7

Electrical Equipment: The core business of Wyse is not the sale of equipment. It is difficult to make a comparison with industries that sell electrical equipment as their core source of revenue. Wyse therefore chose industries that had similar structure of revenue streams.

Utility: Wyse is similar to a utility in the sense that we measure consumption and bill for that consumption. However, we do not install transmission or distribution networks nor do we manage the ancillary services associated with this aspect of a utility company. Wyse makes no margin on the sale of utility commodities. In both cases, the differences in the business models would result in contrasting cashflow and differences in financial ratios related to usage and return on capital. For these reasons, they are not the most appropriate comparable industries for Wyse.

BCUC IR 7.8

Wyse has put forward a proposed earned return for rate-setting based on expectations of shareholders, which underscores the competitive nature of submetering service and the associated business risk governing the access to and cost of capital within this market.

BCUC IR 7.9 Please discuss the pros and cons of setting a fair return using the following alternative methods and explain whether these methods would be appropriate for Wyse:

- i. A return based on a percentage of the revenue requirement or operating costs (e.g. 10 percent return on total revenue requirement for a given year);
- ii. A return based on a fixed dollar amount (e.g. historical 5-year average of net income); or
- iii. Any other alternative method Wyse has considered.

RESPONSE

Wyse is unclear into how either items i) or ii) as set out above would be applied to its cost of service, allocation and rate design and it is therefore a challenge to discuss their suitability to the regulatory framework now established for Wyse and relative to Wyse's proposed approach to establish a cost-effective and administratively efficient foundation for regulation going forward. For example, under item i), total revenue requirements would include the return of and on capital of the regulatory asset underpinning the proposed RACC, but not including the capital of new systems under the proposed exemption from rate regulation on that component. Wyse may therefore surmise that this item could possibly entail an operating margin approach on operating cost of service, leaving open the question as to how the depreciation of regulatory assets or system investments ought to be funded by customers over time, for example. Similarly, Wyse is not clear of the underlying dependencies in the approach contemplated under item ii) and how that could be applied to its operations in BC under the circumstances of the regulatory framework only now established under Wyse's emergent status as a public utility, the cost of service set out in the Application, and

Exhibit B-13 Wyse responses to BCUC Confidential IR 2

of the proposed exemption for rate regulation of the rate for recovery of the capital cost of a new submetering system.

BCUC IR 7.9.1 Please rank the above methods from most to least appropriate considering the Fair Return Standard.

RESPONSE:

For the reasons discussed in the response to BCUC Confidential IR 7.9, Wyse is unable to assess the contemplated approaches and it is therefore unable to provide a sufficient basis under which to consider if they could be reasonably applied and what the degree of appropriateness may be between them.

BCUC IR 9.3 Please confirm, or explain otherwise, that if the exemption is granted, then none of the components of the submetering system capital charge (i.e. depreciation, return on capital, tax provision) for new submetering systems would be subject to BCUC review or rate approval.

RESPONSE:

Confirmed.

BCUC IR 10.3

This approach was intended to ensure regulatory compliance, market presence, competitiveness, and client expectations. Wyse accepted the shortfall on cost recovery in 2023, including upon the mid-year transition to rate regulation and in advance of filing the Application for 2024 rates.

BCUC IR 10.5

The rates in 2023 were set in reference to applicable charges in effect at the time across the entire Wyse portfolio prior to the determination of Wyse's status as a public utility in BC and remained as such upon the mid-year transition to rate regulation and in advance of filing the Application for 2024 rates (i.e. effective June 28, 2023, per the tariff pages).

BCUC IR 10.8.1

As discussed, these costs are known to be generally invariant to the type of service on a per meter or per-bill basis given the internal resources, service contracts and business model that Wyse has in place to support cost-effective service delivery overall. Wyse considers that allocation on this basis going forward is thereby fair and reasonable with due consideration also to the simplicity and practicality of the approach and the compatible incentive to provide a competitive service offering.

Exhibit B-16 Wyse responses to BCOAPO Confidential IR 2**BCOAPO IR 13.3**

Exhibit B-16 Wyse responses to BCOAPO Confidential IR 2

The level of [REDACTED] was the indicative result at the timing of modelling the proposed rate in support of the Application.

BCOAPO IR 19.0

Wyse acknowledges the error in the estimation of a tax provision. Calculating the income tax provision on equity return only has the effect of reducing the estimated RACC from \$2.18 to \$2.10/unit/month. Wyse would propose to update its calculation in a compliance filing following a BCUC decision into the Application, as applicable, at the same time as the rate is updated to reflect final actual costs.

Exhibit B-19-1 Wyse confidential responses to Panel Public IR 1**PANEL IR 1.1.1**

Wyse's ownership extends to the meters only, which are used for billing purposes. The indicative system cost of a new thermal energy submetering system is in the range of [REDACTED].

PANEL IR 1.1.2.1

Wyse notes that it currently owns only one of the metering systems among the four buildings it currently serves with thermal energy submetering and that the initial capital cost of this metering system as recovered in rates [REDACTED].