Corix Multi-Utility Services Inc. Response to BCOAPO Information Request No. 1

1.0 Reference: Exhibit B-1, Section 3
ECRA Trigger ratio and Minimum Rate Change Threshold

1.1 Can Corix confirm that any variances in the numerator of the ECRA Ratio, 12 mth Forecast Variable Energy Charge Revenue, from 12 mth Actual Variable Energy Charge Revenue, will be due to variances of actual from forecasted energy consumption alone? If not, please explain.

Corix Response:
Confirmed. However, a variance in total energy consumption can include a variance due to a new customer's actual addition to the system occurring before or after the forecasted mid-year addition. While this may ultimately appear as a energy consumption variance it can be attributed to the timing of addition of a new customer.

1.2 Historically, how accurate have Corix' 12-month forecasts of energy revenue been relative to actual revenue realized? In addition to any narrative, please provide a table with the forecasts versus actuals to support for your response.

Corix Response:
2019 was the first full year of operations at DGE since Corix's acquisition in the fourth quarter of 2018. The 2019 forecast consumption and revenue was taken from the financial model associated with the approvals from BCUC Order G-248-19. 2019 included the addition of a new building to the DGE system.

Dockside Green Energy	2019
Forecast Customer Consumption (kWh)	2,003,585
Actual Customer Consumption (kWh)	2,166,398
Variance (kWh) *(to forecast)*	162,813
Variance *(to forecast)*	+8.12%
Forecast Revenue	$ 102,607
Actual Revenue	$ 110,486
Variance *(to forecast)*	$ 7,879
Variance *(to forecast)*	+7.68%

1.3 Can Corix confirm that any variances in the first term in the denominator of the ECRA Ratio, 12 mth Forecast Energy Costs, from 12 mth Actual Energy Costs, will be due to variances in volumes delivered alone, or are variances in energy costs ($/GJ or $/kWh) also subject to forecast error?

Corix Response:
Variances in forecast energy costs include:

- Variances in natural gas (GJ) or electricity(kWh) volumes delivered; and
- Variances in the cost of natural gas ($/GJ) or the cost of electricity ($/kWh).

The cost of natural gas and the cost of electricity include multiple rates such as fixed charges, variable charges and various rate riders.

1.4 Historically, how accurate have Corix' 12-month forecasts of energy costs been relative to actual energy costs? Please provide a table using the same time period used in the Utility's response to 1.2 contrasting forecast versus actuals as part of the support for your response in addition to any narrative you may wish to provide..

Corix Response:
2019 was the first full year of operations at DGE since Corix's acquisition in the fourth quarter of 2018. The 2019 forecast energy costs was taken from the financial model associated with the approvals from BCUC Order G-248-19. The 2019 forecast energy costs were prepared based on information available in March 2019.

Dockside Green Energy	**2019**
Forecast Energy Costs	$ 102,607
Actual Energy Costs	$ 112,733
Variance *(to forecast)*	$ 10,126
Variance *(to forecast)*	+9.87%

1.5 Corix has proposed that both the trigger ratio and the minimum charge threshold be pierced in order to trigger an application to change the Variable Energy Charge. Is it possible, theoretically, that either customer energy debit balances or customer energy debit balances could increase significantly under the proposed mechanism and yet not trigger an application due to the fact that at any time, only one of the two (trigger ratio/minimum charge threshold) had been pierced? Could a situation in which first the trigger is pierced but the minimum charge has not been pierced, followed by a situation in which the trigger is not pierced but the minimum charge threshold has been result in this outcome?

Corix Response:
The intent and purpose of the ±5 percent ECRA Ratio dead-band range is to ensure that the balance in the reconciliation account does not exceed a level that would result in the inability of the utility to reasonably recover/refund the balance from/to customers over a 12 month amortization period. This is the core function of the flow-through rate setting mechanism and was established by the BCUC through L-5-01. The rate setting mechanism could operate with without the minimum rate change threshold as it did until 2011. The minimum rate change threshold was only introduced in 2011 through L-40-11 as a means to provide more stability to the existing rate setting mechanism during a low-price environment.

It is possible for the ECRA Ratio to fall outside the dead-band range, but the minimum rate change threshold not be exceeded. This happens during low-price energy supply environments. Corix is unable to determine a scenario where the ECRA Ratio is located within the dead-band range of 0.95 to 1.05 but the indicative rate change exceeds the minimum rate change threshold.

1.6 Is it possible to "game" the ECRA ratio such that by adjusting the 12 mth forecasts used in the ratio, the trigger ratio would be breached when it otherwise not have been or, alternatively, the trigger is breached when it would not have otherwise been?

Corix Response:
This Application includes a request to establish a rate-setting mechanism to efficiently allow for the flow-through of energy costs as approved by BCUC Order G-248-19. Flow-through energy costs essentially means the customer pays exactly what Corix pays for energy. Corix does not

make any profit on rates based on flow-through costs. It may be theoretically possible to "game" the ECRA rate-setting mechanism by artificially inflating/reducing forecasts. However, there would be no "winner" or "loser" to this "game" since the rates are set based on a flow-through of costs.

1.7 Please provide a description of the forecast methodology used by Corix for the 12 mth forecasts in the numerator and the denominator of the ECRA Ratio.

Corix Response:
The 12-month Variable Energy Charge Revenue was forecast by multiplying the forecast consumption on a monthly basis with the existing Variable Energy Charge as approved through G-248-19. The forecast consumption was determined based on the annual energy use intensities (kWh/m^2) combined with the gross floor area (m^2) for each building. Annual consumption forecasts were broken into monthly forecasts based using a seasonality curve based on historical data.

Corix's 12-month energy cost forecast was developed by multiplying Corix's forecast demand by existing and forecast natural gas and electricity rates from FortisBC Energy Inc. ("**FEI**") and British Columbia Hydro and Power Authority ("**BC Hydro**"). The electricity consumption forecast is consistent with the electricity forecast included in the DGE Revenue Requirement and Rates Application, approved through BCUC Order G-248-19. Electricity price forecasts are based on the BC Hydro F2020 to F2021 Revenue Requirements Application and the associated BCUC Order G-32-20. Corix's natural gas demand is based on the annual energy use intensities (kWh/m^2), combined with the gross floor area (m^2) for each building and adjusted to account for the natural gas boiler efficiency. Corix relies on FEI's most recent natural gas rates outlined in its tariff prior to the filing of this Application. The FEI commodity cost rate is escalated based on the Sproule Natural Gas commodity forecast while FEI's delivery charge is escalated at 2% based on CPI.