

Corix Multi-Utility Services Inc.  
Burnaby Mountain District Energy Utility 2020-2023 Revenue Requirement and Rates Application

**CORIX MULTI-UTILITY SERVICES INC. RESPONSE TO BCUC INFORMATION REQUEST NO. 1 – SECTION A**

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**A. INTERIM RATE REQUEST FOR JANUARY 1, 2021**

**1.0 Reference: INTRODUCTION  
Exhibit B-1, Section 1.3, p. 6; Appendix E  
Interim Approval Sought Effective January 1, 2021 for UniverCity**

On page 6 of the Burnaby Mountain District Energy Utility (BMDEU) 2020-2023 Revenue Requirement and Rates Application (Application), Corix Multi-Utility Services Inc. (Corix) requests the following British Columbia Utilities Columbia (BCUC) approvals:

Approval to flow-through energy costs for the UniverCity customer group by:

- a. Establishing an Energy Cost Reconciliation Account;
- b. Replacing the existing Variable Rate with a Variable Energy Charge, which recovers only energy costs, beginning January 1, 2021; and
- c. Establishing a Variable Energy Charge rate setting mechanism;
- d. Approving the proposed regulatory process to adjust the Variable Energy Charge.

Corix requests that the rates above be approved on an interim basis effective January 1, 2021.

In Appendix E: Draft Order for Interim Rates, Corix provides the following draft directives:

- 3) Corix's proposed rates are approved on an interim and refundable basis, effective January 1, 2021, as follows:
  - b. For UniverCity:
    - Basic Charge of \$1.0482 per square metre per month; and
    - Variable Energy Charge of \$0.0293 per kilowatt-hour.
- 6) Approval to flow-through energy costs for the UniverCity customer group by establishing an Energy Cost Reconciliation Account, as discussed in Section 9.4 of the Application.

- 1.1 Please confirm, or explain otherwise, that Corix is seeking approval for the following on an interim and refundable basis, effective January 1, 2021: (i) the Basic Charge of \$1.0482 per square meter per month; and (ii) variable energy charge of \$0.0293 per kilowatt-hour.

**Corix Response:**

Confirmed.

- 1.2 Please clarify whether Corix is seeking interim approval of the Variable Energy Charge rate setting mechanism.

**Corix Response:**

Corix is seeking interim approval to flow-through energy costs for the UniverCity customer group by establishing an Energy Cost Reconciliation Account. As Corix anticipates that this proceeding will conclude with a Final Order during 2021, Corix is not seeking interim approval of a Rate Setting Mechanism for the Variable Energy Charge.

- 1.3 Please confirm, or explain otherwise, that Corix has full ability to reverse or recalculate all customer bills for the interim period if the BCUC in its final decision denies Corix's proposed rate design of "replacing the existing Variable Rate with a Variable Energy Charge" and retains the

original rate design.

**Corix Response:**

Confirmed. Please note that such a decision could lead to higher Revenue Deficiency Deferral Account (“RDDA”) financing costs for UniverCity customers and would be inconsistent with BCUC precedent of flowing through energy costs to customers<sup>1</sup>.

- 1.4 Please clarify what type of approval (i.e. interim or permanent) is Corix seeking for the Energy Cost Reconciliation Account (ECRA) in the requested order to establish the interim Variable Energy Charge effective January 1, 2021. Is it possible that the BCUC grant interim approval of the Variable Energy Charge without establishing the ECRA?

**Corix Response:**

Corix is seeking interim approval to establish the Energy Cost Reconciliation Account. Please note that the Variable Energy Charge and the ECRA are used in conjunction to achieve the flow-through of energy costs to customers. The Variable Energy Charge is set based on forecast energy costs and the associated forecast revenue, in accordance with BCUC’s forward test year approach to setting customer rates. A reconciliation account (ECRA) is then required to address actual energy costs and associated revenue to ensure that these costs are being flowed through to customers. Should the BCUC approve a Variable Energy Charge without establishing an ECRA then the difference between the actual energy costs and actual revenue would be captured by the RDDA as was done in the past. However, as stated in response to BCUC IR No. 1, Question 1.3, the RDDA attracts financing costs and this approach could result in an increase in cost to customers.

- 1.4.1 Please explain what items will be recorded in the ECRA starting on January 1, 2021.

**Corix Response:**

If approved, the following items would be recorded in the ECRA starting on January 1, 2021.

- Energy Costs for UniverCity – Including biomass costs, electricity costs and natural gas costs.
- Variable Energy Charge Revenue

Energy costs would represent a debit to the ECRA while Variable Energy Charge Revenue would represent a credit.

- 1.4.2 Please confirm, or otherwise explain, that the ECRA is a flow-through account that will attract financing costs but is a non-rate base account (which will not attract return on equity). If confirmed, please specify what rate will be used to determine financing costs.

**Corix Response:**

Not confirmed. At this time, the proposed ECRA would be a non-rate base, flow-through account that does not attract financing costs. Corix may submit an application to the BCUC for approval of financing costs to be applied to the ECRA going forward, based on the information available at such time.

- 1.4.3 Suppose Corix is seeking interim approval of the ECRA, please explain how the ECRA will be treated and/or dissolved if the BCUC in its final decision denies Corix’s proposed rate design of “replacing the existing Variable Rate with a Variable Energy Charge” and retains the original rate design.

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<sup>1</sup> BCUC Order G-248-19 dated October 16, 2019, Reasons for Decision, Panel Determination, p. 20.

**Corix Response:**

If the BCUC determines that the flow-through of energy costs is unjust, unreasonable, unduly discriminatory or unduly preferential and directs Corix to retain the original rate design then Corix would add the balance in the ECRA to the existing UniverCity RDDA. The addition of an ECRA deficit balance would increase the RDDA balance, while the addition of an ECRA surplus balance would decrease the RDDA balance.

**2.0 Reference: RATE DESIGN  
Exhibit B-1, Section 10.1, p. 72; Appendix E; Order G-220-20  
Interim Approval Sought Effective January 1, 2021 for SFU**

On page 72 of the Application, Corix provides the following table which shows the proposed rates for SFU, calculated on an interim and refundable basis, with final rates subject to the Evidentiary Update.

**Table 34: Proposed Rates for SFU (Interim)**

EFFECTIVE DATE:	SEP 1 <sup>ST</sup>	JAN 1 <sup>ST</sup>	JAN 1 <sup>ST</sup>	JAN 1 <sup>ST</sup>
	2020	2021	2022	2023
Capacity Charge (\$/MW of Nominated Capacity/Month)	16,367	16,506	16,492	16,403
Consumption Charge (\$/kWh)	0.0226	0.0235	0.0238	0.0243
Availability Charge (\$/Month)	33,000	33,000	33,000	33,000
EFFECTIVE DATE:		JUL 1 <sup>ST</sup>	JUL 1 <sup>ST</sup>	JUL 1 <sup>ST</sup>
		2021	2022	2023
SFU Rider 1 (\$/MW of Nominated Capacity/Month)	--	TBD*	TBD	TBD
SFU Rider 2 (\$/MW of Nominated Capacity/Month)	--	TBD	TBD	TBD

\* TBD – To be determined

By Order G-220-20, the BCUC approved on an interim and refundable basis the rates for SFU as noted in the table above under the “Sep 1<sup>st</sup>” column. In Appendix E of the Application, Corix includes a directive for the approval of SFU’s January 1, 2021 rates on an interim and refundable basis. However, this interim request for SFU’s January 1, 2021 rates does not appear to be stated in the approvals sought section of the Application.

2.1 Please confirm, or otherwise explain, that Corix is seeking BCUC approval, on an interim and refundable basis effective January 1, 2021, for the following rates for SFU as shown in the “Jan 1<sup>st</sup>” column:

- i. Capacity Charge of \$16,506 per megawatt of nominated capacity per month;
- ii. Consumption Charge of \$0.0235 per kilowatt-hour; and
- iii. Availability Charge of \$33,000 per month.

**Corix Response:**  
Confirmed.