



May 3, 2024

Sent via email

Letter L-9-24

Ms. Nonye Ogun
Senior Regulatory Financial Analyst
Corix Multi-Utility Services Inc.
Suite 1160, 1188 West Georgia Street
Vancouver, BC V6E 4A2
Reg.Affairs@nexuswg.com

**Re: Corix Multi-Utility Services Inc.
Annual Contracting Plan for Propane Supply to Panorama Mountain Village**

Dear Ms. Ogun:

On March 27, 2024, Corix Multi-Utility Services Inc. (Corix)¹ filed with the British Columbia Utilities Commission (BCUC) its 2024 Annual Contracting Plan (ACP) for propane supply to Panorama Mountain Village (PMV). In the 2024 ACP, Corix proposes to enter into a supply contract for up to three years commencing July 1, 2024. The current propane supply agreement between Corix and its supplier, as accepted by Order E-19-21, will expire on June 30, 2024.

In its 2024 ACP, Corix sets out its bidding process, request for quotation documents, and price risk management strategy for securing competitive propane delivery service for PMV. Corix requests that the information provided in the 2024 ACP be held confidential due to its commercially sensitive nature.

The BCUC reviewed the filing and accepts the 2024 ACP as filed. The 2024 ACP and related information will be kept confidential as requested by Corix as they contain commercially sensitive information. A copy of Corix's non-confidential executive summary of the 2024 ACP is attached as Appendix A to this letter and is available for public review.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

KC/kk
Enclosure

cc: Nonye.Ogun@nexuswg.com
Oran.Paul@akwater.com

¹ By letter dated April 30, 2024, the BCUC was notified that Corix Multi-Utility Services Inc has been renamed to Bluestem Multi-Utility Services ULC, effective April 26, 2024.

2024 Annual Contracting Plan
Executive Summary
(Non-confidential)

1. OVERVIEW

Corix Multi-Utility Services Inc. (“**Corix**”) owns and operates the propane utility at Panorama Mountain Village (“**PMV**”). PMV serves 252 customers¹ and is in the East Kootenay region at a considerable distance from the nearest supply of bulk propane in Southern Alberta.

On an annual basis (or biennial as the market dictates), Corix files a contracting plan (the “**ACP**”) with the British Columbia Utilities Commission (the “**BCUC**”). As per the BCUC Rules for Energy Supply Contracts, public utilities must submit and obtain BCUC acceptance of annual contracting plans prior to entering significant supply arrangements for each contract year². This ACP outlines a Request for Quotation (“**RFQ**”) process that Corix intends to run to obtain a competitive propane price for PMV customers, and the projected outcome (i.e. the anticipated term of the supply contract and the relative mix of fixed and variable pricing). In this ACP, Corix requests BCUC approval of the process to select a supplier and enter a supply contract based on the criteria set out herein and in the RFQ. Once the process is complete Corix will file the supply contract for BCUC approval, pursuant to section 71 of the *Utilities Commission Act* and the BCUC Rules for Energy Supply Contracts.

The last ACP was approved by Order L-12-21 on May 13, 2021. The current propane supply agreement between Corix and its supplier CanGas Propane Inc, as accepted by Order E-19-21, will expire on June 30, 2024.

2. BID PROCESS

A RFQ will be sent to selected propane suppliers. The RFQ will include the guidelines of submission, evaluation criteria, the scope of services and options for the term of the supply contract.

The RFQ will request the following pricing information:

- A “variable” priced quotation that will be tied to a third-party market reference point. The supplier will be required to clearly specify the market reference point.
- A “fixed” priced quotation for (i) a two-year term, and (ii) a three-year term. The supplier will take the risk of the commodity price of the propane changing over the term of the supply contract.
- Disclosure of any additional fees or charges that would apply over and above the variable and fixed price quotations (e.g. freight or handling charges).

Upon accepting the successful supplier’s quotation, Corix will make a one-time election as to the amount of fixed price supply, in litres, for the term of the supply contract.

¹ 221 residential; 13 large commercial; and 18 small commercial as of December 31, 2023.
² BCUC Order G-130-06, Appendix A, p. 3.

3. CORIX PMV PROPANE COMMODITY STRATEGY

Corix's objective is to obtain an adequate and reliable source of propane supply at a competitive price, for the PMV customers, and the RFQ process is designed to achieve these objectives. A significant portion of the customer demand at PMV are from strata corporations, who, in turn, must bill the occupants of their buildings for propane. These customers have expressed a strong preference for minimizing large rate fluctuations, and in recognition of this, Corix seeks to acquire a supply portfolio that balances the lower and potentially more volatile variable supply prices with higher fixed supply prices.

As PMV represents a small and isolated market, the fixed price quotations received through the RFQ process, albeit inclusive of a premium, serve as an indication of the forward price forecast for the propane market in that region.

4. RECENT PROPANE PRICE INFORMATION

Over the three-year period from 2021 to 2023, propane spot prices fluctuated wildly yet increased slightly (on average). These fluctuations are the result of recent developments in the Canadian propane market including increased exports to Asia via two new terminals with a combined capacity of 117,000 barrels per day, decreased exports to the United States, stricter gas emission reduction targets, and increased consumption due to climate-influenced weather changes.

Historical growth in Canada's propane production³ has been underpinned by increased gas production in Alberta and British Columbia. The Canadian Energy Regulator (CER) anticipates a decline in overall natural gas liquid production, in the near term, in response to a global push for reduced carbon emissions. Reduced production coupled with rising demand for exports and local consumption will affect prices in the near term.

5. BCUC PERMISSION TO ACCEPT QUOTATIONS

Once quotations are received, Corix plans to: (i) select the successful supplier, (ii) determine the amount of fixed price supply (in litres), and (iii) determine the length of the term of the supply contract. Corix requests permission from the BCUC in the ACP to make these decisions in a timely fashion to ensure that the most competitive price and optimal mix of variable/fixed price supply is obtained. This approach is also the most equitable process for the selected suppliers as they know that they will be measured against their peers at the same point in time and on the same supply terms.

6. BCUC APPROVAL

Corix plans to make its determination within three days from the bid deadline. Corix will file the completed supply contract, its reasons for the selecting the chosen supplier and the amount of fixed price supply for Commission approval on a timely basis. All quotations will also be filed with the Commission.

7. GAS COST RECOVERY CHARGE

Subsequent to BCUC approval of the supply contract, if a rate change is required Corix will file an updated Gas Cost Recovery Charge application based on the information obtained through the RFQ process.

³ 13.93% Over the last five years, from 2019 to 2023