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August 12, 2019

VIA ELECTRONIC MAIL

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Dear Mr. James:

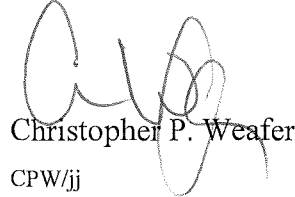
**Re: British Columbia Utilities Commission – Indigenous Utilities Regulation Inquiry –
 Project No. 1598998**

We are counsel to the Commercial Energy Consumers Association of British Columbia (the “CEC”). Attached please find the CEC’s first set of Information Requests on written evidence to British Columbia Hydro and Power Authority with respect to the above-noted matter.

If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Yours truly,

OWEN BIRD LAW CORPORATION



Christopher P. Weafer

CPW/jj
 cc: CEC
 cc: BCUC
 cc: Registered Interveners

**COMMERCIAL ENERGY CONSUMERS ASSOCIATION
OF BRITISH COLUMBIA (“CEC”)**

**Intervener Information Request No. 1 to BC Hydro and Power Authority on
Written Evidence**

**British Columbia Utilities Commission Indigenous Utilities Regulation
Project No. 1598998**

August 12, 2019

1. Reference: Exhibit C2-2, BC Hydro Written Evidence page 1

We are a Crown corporation owned by the Province of British Columbia and the largest electricity provider in British Columbia serving over four million British Columbians. BC Hydro’s assets support the Province’s energy objectives under the *Clean Energy Act (CEA)*, and we are regulated by the Commission under the *Utilities Commission Act (UCA)*.

- 1.1 Please confirm that BC Hydro provides service to indigenous communities.
- 1.2 Please confirm that BC Hydro works cooperatively with indigenous communities for the supply of energy.
- 1.3 Please provide an overview of other commercial interactions that BC Hydro has with indigenous communities.

2. Reference: Exhibit C2-2 BC Hydro Written Evidence page 8

5.2 There are a number of advantages to retaining the *UCA* as the principal regulatory framework for the regulation of all Public Utilities in British Columbia.

BC Hydro is of the view that it is efficient and effective for the *UCA* to be retained as the principal regulatory framework for all Public Utilities operating within British Columbia, including those indigenous utilities who meet the *UCA* definition of a Public Utility. Having one set of rules and regulations for all Public Utilities should minimize the potential for disagreements between Public Utilities and/or between Regulators, thereby minimizing harm to customers in the form of higher regulatory costs to be passed on to customers.

As described in Section 5.1, the *UCA* currently provides a comprehensive, single set of regulatory considerations and requirements for all Public Utilities in B.C. Having one set of rules reduces the regulatory and operational complexity for all Public Utilities, customers and other public stakeholders. For example, it precludes conflicting regulatory decisions arising from different regulatory bodies, it reduces the complexity of the relationships between Public Utilities as they are governed by the same regulatory framework. It also promotes the appropriate allocation of costs and the efficient development of utility infrastructure between Public Utilities, thereby reducing the risk that one or more of a Public Utility's infrastructure assets becomes impaired or no longer used and useful (stranded asset risk). This is particularly relevant to BC Hydro. In addition to the over four million British Columbians we serve directly, we also maintain interconnections with, and infrastructure, to provide electricity and transmission service to energy sellers and other Public Utilities in B.C.

- 2.1 If possible, please provide a range order of magnitude of the risk of stranded assets that could occur based on BC Hydro's knowledge of the utilities in question. Please provide the range based on a single incident up to and including multiple incidents.
- 2.2 What form of regulator is BC Hydro contemplating when they discuss the potential for different regulators to arrive at different conclusions? Who does BC Hydro expect would conduct the regulation of the indigenous public utility if not BCUC? Please explain.
- 2.3 What recourse would BC Hydro expect to have if two different regulators issued different decisions resulting in stranded assets for BC Hydro?
 - 2.3.1 Please provide a rough approximation of the dollar value of a conflicting decision that could justify BC Hydro pursuing recourse for a single decision.
- 2.4 Please confirm that the risk of different decision-making between regulators is a risk that could occur multiple times on multiple issues, but not meet an individual threshold for pursuing recourse.
 - 2.4.1 If not confirmed, please explain why not.

3. Reference: Exhibit C2-2 BC Hydro Written Evidence page 10 and page 12

BC Hydro believes this flexibility provides Government and the Commission with the tools to grant lighter touch regulation after considering the characteristics of a Public Utility and to the extent that those characteristics either do not raise or adequately address public interest concerns.

small Public Utilities than for large Public Utilities. BC Hydro believes that the Commission should consider streamlined or expedited review processes which would allow the public interest to be safeguarded while also allowing for a reduction in the overall regulatory cost placed on the utility and ultimately borne by its ratepayers. As well, the Commission may consider the creation of standard reporting templates that would set out the format and nature of information required by the Commission for fundamental purposes such as determining that Public Utility's overall cost of service (Revenue Requirement) and for the setting of rates.

- 3.1 Please provide additional comments on the types of regulation that BC Hydro would consider appropriate in 'lighter touch' regulation. What information would be appropriate for standard reporting?
 - 3.1.1 If available, please provide examples of public utilities that are currently regulated with a 'lighter touch' that BC Hydro considers might be appropriate.
- 3.2 Would BC Hydro contemplate 'lighter touch' regulation with a particular time period attached, such as five years? Or would BC Hydro expect that 'lighter touch' regulation could be provided indefinitely? Please discuss.

4. Reference: Exhibit C2-2, BC Hydro Written Evidence page 13 and 14

The concept of retail access allows for a customer to utilize the electrical system of the electrical utility to which it is connected, to service its own load directly through the purchase of market energy or energy purchased from another seller(s). Retail access is not available to BC Hydro's load customers. Government has commented that "interest in retail access fluctuates with electricity market prices, with customers interested when open market prices are lower than local supply and not interested when market prices are higher than local supply. In a surplus situation, allowing retail access increases the amount of surplus energy that BC Hydro must export,

possibly at a loss, increasing costs borne by ratepayers who do not or cannot opt for retail access... The prohibition of retail access can protect electricity consumers by providing price stability and reducing the duplication of costs that must be passed on to consumers (for example, duplicative systems of billing, customer service etc.). In Canada, it is generally true that regions with low and stable electricity prices like Quebec, Manitoba and British Columbia do not have full retail access... There is evidence from the U.S. that the average retail price of electricity tends to be more volatile in regions with full retail markets."²¹ The Government has also commented that retail access may expose BC Hydro ratepayers to the cost of stranded assets, the cost of which would be borne by a smaller rate base and has directed the Commission to not set rates that would result in direct or indirect provision of unbundled transmission service to retail customers in British Columbia unless BC Hydro brings forward an application to do so.^{22, 23} BC Hydro has no plans to advance retail access at this time.

- 4.1. If retail access were permitted, would BC Hydro alter its supply purchases over time? Please explain.
- 4.2. Does BC Hydro expect that interconnection with indigenous public utilities could have similar issues as those posed by retail access? Please explain.
 - 4.2.1. Would regulation by the BCUC resolve these issues?