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August 12, 2019

## VIA ELECTRONIC MAIL

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Dear Mr. Lusztiq:

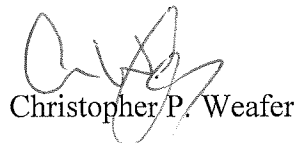
**Re: British Columbia Utilities Commission – Indigenous Utilities Regulation Inquiry – Project No. 1598998**

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 Coastal First Nations - Great Bear Initiative Society 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 Coastal First Nations – Great Bear Initiative  
Society on Written Evidence**

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

**August 12, 2019**

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**1. Reference: Exhibit C20-2 pages 6, 9, and 11**

CFN believes that a compromise position is available.

In particular, we recommend that Indigenous Nations/Bands should be able to form and operate unregulated utilities that serve areas where the majority of the customer base are a member of that Nation/Band, provided that such utilities do not discriminate in rates or terms of service between their Indigenous and non-Indigenous customers.

When a utility is subject to regulation, the Commission is required to set rates that are just, reasonable, and sufficient. This broadly means that the rates cover reasonably incurred costs associated with providing the utility service, and provide an opportunity to recover an allowed return on invested capital – this allowed return being set as near as possible to the risk-adjusted rate sufficient to attract required investment. At the same time, the rates should be no higher than to allow for these conditions to be met.

This tendency toward cost of service ratemaking has a number of implications for Indigenous utilities. Notably, in cases where other policy initiatives – such as favorable financing, taxation, or capital contributions – are intended to deliver support to the Indigenous utility, it is imperative that the rate-setting rules allow for these benefits to remain with the Indigenous utility, rather than flowing through to the utility’s ratepayers.

As noted above, CFN is suggesting that the protection from monopoly power should be extended to non-members of the Band/Nation through non-discrimination requirements in the utility’s rates. We suggest that this can be managed on a complaints basis, which is why we are describing this exemption as “partial”; we would expect that the Commission would continue to over-see this narrow requirement of the utility’s operations.

- 1.1 Please provide Coastal First Nations Great Bear Initiative's views on the need for rates to reflect differences in cost causation between rate classes.
- 1.2 Could the Commission oversee such issues on a complaints basis as well? Please explain.