

REQUESTOR NAME: **Commercial Energy Customers**

INFORMATION REQUEST **1.1, 2.1, 3.1, and 3.2.**

DATED: **August 12, 2019**

TO: **Collective First Nations**

RE: **British Columbia Utilities Commission – Indigenous Utilities Regulation Inquiry**

RESPONSE ISSUED: **September 10, 2019**

After being denied the right to participated fully in the Canadian economy, the Collective First Nation's businesses that provide Utility Services will now be treated as if they weren't denied this right. And in some cases even worse because for example they will not be free from the additional cost of regulatory oversight like municipalities or regional districts or "modified" regulation like BC Hydro.

- 1.1 Please elaborate on the 'modified' regulation that applies to BC Hydro as opposed to other forms of regulation.

**Response:**

Please see Exhibit C 13-6, Collective First Nations Information Request No. 1 to BC Hydro, Information Requests, 1 and 2, pages 1-2 for examples of the "modified" regulation that has been, and is being applied to BC Hydro.

**2. Reference: Exhibit C13-2 page 9**

- *Does the service provided by the Indigenous utility compete with or displace other services that are currently provided by third parties?*

It is highly unlikely that the Indigenous Utility would compete with or displace other services that are currently provided by third parties and in particular public utilities. Because of the cost of building and maintaining utility infrastructure, it is generally not economic to duplicate

this infrastructure. It is expected that Indigenous Utilities would serve new developments and not existing ones.

- 2.1 Please confirm or otherwise explain that while the Collective First Nations expects Indigenous Utilities to serve new developments it does not propose that there should be any regulation to this effect.

**Response:**

The Collective First Nations would be the regulators so there would be regulation. If the circumstances warrant it Collective First Nations should not be precluded from competing with incumbent utilities and in particular if the incumbent utility is not prepared to make the necessary investment to expand its system.

**3. Reference: Exhibit C13-2, page 13 and 14**

- ***What are the benefits to regulation?***

Normally a guaranteed rate of return to the owners on rate base/invested capital or in the case of BC Hydro some variation thereof.

First Nations regulating themselves would mean they would be very conscious of the affordability of providing Utility Services for their members and those that live on their lands. First Nations are highly regulated in many areas and to add more onto them is contrary to self-government and self-determination as is being committed to by both the Federal and Provincial governments.

Practicality, an Indigenous Utility is going to be interested in providing a fair, reliable service to those that live on their lands and within their territories. They would need to be competitive to remain in business, make a margin of profit so that it can continue as a business and setting aside money for upgrades and other infrastructure. They would be self-regulated. Many First Nations communities pay large hydro bills during the winter and often have to make choices between paying their mortgage and keeping heat in their homes. They would not be providing Utility Services that would create greater hardship than what exists.

**3.1 Please elaborate on any other ratepayer protections that the Collective First Nations deems are available.**

**Response:**

At this time, the Collective First Nation don't have any other specific ratepayer protections in mind. With the passage of time there may be others that are appropriate but this would be a decision for First Nations, as regulators, to make.

**3.2 Does Collective First Nations envision any concerns with regard to ensuring fairness between residential ratepayers and commercial ratepayers? Please explain.**

**Response:**

The Collective First Nations are aware that BC Hydro's residential customers are not paying their proportionate share of costs through rates and that commercial customers are paying more than their fair share. It is difficult to envision First Nation's regulators following a similar path, but it would be up to these regulators to determine the particular path they wish to follow. See also Exhibit C13-2, the Collective First Nations Submission, page 14, "Practically an Indigenous Utility is going to be interested in providing a fair, reliable service...".