



**ORDER NUMBER
G-203-24**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

CB Powerline Ltd.
Rates and Terms of Service

BEFORE:

T. A. Loski, Panel Chair
M. Jaccard, Commissioner

on July 30, 2024

ORDER

WHEREAS:

- A. On January 26, 2024, CB Powerline Ltd. (CBP) filed an application pursuant to sections 59 to 61 of the *Utilities Commission Act* seeking British Columbia Utilities Commission (BCUC) approval of CBP's proposed rates and terms of service (Application). The Application includes several agreements including the proposed electric tariff (Electric Tariff), the amended and restated shareholder agreement (Shareholder's Agreement), and the amended and restated power purchase agreement (Power Purchase Agreement);
- B. By Order G-55-24 dated March 1, 2024, the BCUC established a regulatory timetable for review of the Application which included one round of information requests, final argument, and reply comments;
- C. By letter dated April 25, 2024, the BCUC extended the deadline for CBP to file final argument and reply comments as well as the filing of additional information as outlined in the letter;
- D. On May 20, 2024, CBP filed additional information including an amended electric tariff (Revised Electric Tariff) and a net metering tariff to accompany its net metering plan (Net Metering Plan and Tariff); and
- E. The BCUC has reviewed the Application and evidence filed in the proceeding and makes the following determinations.

NOW THEREFORE for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

- 1. The rates including the applicable terms of service as set out in the Revised Electric Tariff, Shareholder's Agreement, and Power Purchase Agreement are approved as filed. This includes the Contract Price, inclusive of the Procurement Price, O&M Fee, and Recovery Amount as defined by Section 5 of the Power Purchase Agreement.

2. The Net Metering Plan and Tariff are approved as filed.
3. CBP's share issuances since October 17, 2023, and any future issuances of shares under the same terms as the Shareholder's Agreement and Power Purchase Agreement are approved. CBP is directed to file annual reporting on future share issuances as outlined in Section 5.1 of the decision accompanying this order.
4. CBP's promissory notes (Grid Promissory Notes) issuances since October 17, 2023, and any future issuances of Grid Promissory Notes under the same terms as the currently outstanding Grid Promissory Notes as set out in the Application, except for the interest rate which may vary from 3 percent to a maximum of 5 percent, are approved. CBP is directed to file annual reporting on future Grid Promissory Note issuances as outlined in Section 5.1 of the decision accompanying this order.
5. CBP is directed to file annual compliance reporting with the BCUC as outlined in Section 5.2 of the decision accompanying this order.
6. CBP must comply with all other directives and determinations outlined in the decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of July 2024.

BY ORDER

Original signed by:

T. A. Loski
Commissioner

CB Powerline Ltd.
Rates and Terms of Service

DECISION

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Executive Summary

On January 26, 2024, CB Powerline Ltd. (CBP) filed an application with the British Columbia Utilities Commission (BCUC) seeking approval of rates to be charged to its customers upon completion of its community electrification project, and the associated terms of service. CBP was founded in 2017 by community members of Cosens Bay with the single purpose of electrifying the community of Cosens Bay by distributing electricity purchased from British Columbia Hydro and Power Authority (BC Hydro) on the east shore of Kalamalka Lake to CBP's customers on the west shore of Kalamalka Lake on a not-for-profit basis. The Certificate of Public Convenience and Necessity for the Cosens Bay community electrification project was granted by the BCUC via Order C-4-23 on October 17, 2023. The community electrification project is funded mainly by CBP's customers, with each customer owning one share of CBP and some customers contributing additional financing via promissory notes (Grid Promissory Notes).

The rates and terms of service for which CBP is seeking approval include an amended electric tariff (Revised Electric Tariff), an amended and restated shareholder agreement (Shareholder's Agreement), and a restated power purchase agreement (Power Purchase Agreement). Section 5 of the Power Purchase Agreement defines the Contract Price, which is the price that CBP's customers will pay to receive service from CBP. The Contract Price is the sum of three components: CBP's actual costs to procure energy from BC Hydro (Procurement Price), CBP's actual operations and maintenance costs (O&M Fee), and CBP's actual recovery amount (Recovery Amount). CBP is also seeking approval of its net metering tariff to accompany its net metering plan (Net Metering Plan and Tariff) and requesting direction from the BCUC on future proceedings, filings and reports.

The Panel approves the rates including the applicable terms of service as set out in the Revised Electric Tariff, Shareholder's Agreement, and Power Purchase Agreement as filed. This includes the Contract Price, inclusive of the Procurement Price, O&M Fee, and Recovery Amount as defined by Section 5 of the Power Purchase Agreement. The Panel acknowledges that the Contract Price is based on the actual costs that CBP will incur to provide service to its customers and will be recovered on a flow-through basis to allow CBP to recover exactly the costs of providing service to the community of Cosens Bay. The Panel acknowledges that all customers, who are also shareholders, have signed agreements that outline these terms and the Contract Price. The Panel also approves the Net Metering Plan and Tariff as filed.

Regarding future regulatory filings, the Panel outlines various annual reporting requirements for CBP that provide sufficient regulatory oversight while also limiting the regulatory burden on the small utility. The Panel approves any shares and Grid Promissory Notes issued by CBP since it became a public utility on October 17, 2023. The Panel also approves any future issuances of shares and Grid Promissory Notes under the same terms as the currently outstanding shares and Grid Promissory Notes, except for the interest rate on future Grid Promissory Notes, which the Panel accepts may vary from 3 percent to 5 percent given the current interest rate environment. The Panel also outlines annual compliance reporting that CBP must file in the event of future share and Grid Promissory Notes issuances. Finally, the Panel views that re-visiting the performance of the flow-through rate-adjustment mechanism after CBP's first six years of operations is reasonable. The Panel directs CBP to submit a proposal to the BCUC that outlines its proposed regulatory review process with supporting justification by no later than March 2031.

1.0 Application and Approvals Sought

On January 26, 2024, CB Powerline Ltd. (CBP) filed an application pursuant to sections 59 to 61 of the *Utilities Commission Act* with the British Columbia Utilities Commission (BCUC) seeking the following:

1. BCUC approval of rates and terms of service as set out in the proposed electric tariff (Electric Tariff), amended and restated shareholder agreement (Shareholder's Agreement), and amended and restated power purchase agreement (Power Purchase Agreement);¹
2. BCUC approval of its net metering plan and tariff (Net Metering Plan and Tariff);² and
3. BCUC direction regarding future proceedings, filings and reports (altogether, the Application).³

The BCUC established a public hearing process for the review of the Application including one round of BCUC information requests (IRs) and CBP final argument and reply comments, if applicable.⁴ CBP did not file a final argument or reply comments but did file additional information including amended tariff pages.⁵ This decision contains the determinations and findings of the Panel after its review of the Application and evidence filed in this proceeding.

2.0 Background

The community of Cosens Bay is located on land which borders Kalamalka Lake Provincial Park and, in part, the east shore of Kalamalka Lake. The community is made up of 101 land parcels, of which 72 are fee simple owned parcels and the remaining 29 are cooperatively owned parcels which are collectively known as Kalamalka Park Estates.⁶

CBP was founded in 2017 by community members of Cosens Bay with the single purpose of electrifying the community of Cosens Bay by distributing electricity purchased from British Columbia Hydro and Power Authority (BC Hydro) to CBP's customers on a not-for-profit basis.⁷ In 2023, the BCUC granted a certificate of public convenience and necessity (CPCN) to CBP to construct a powerline connecting the community of Cosens Bay to BC Hydro's supply system via an underwater crossing of Kalamalka Lake.⁸ As part of the CBP Application for a CPCN proceeding, CBP filed versions of its Shareholder's Agreement and Power Purchase Agreement as supporting evidence.⁹

The Application seeks BCUC approval of the rates and terms of service that CBP will charge to its customers upon completion of the powerline. CBP states that there will be no return on equity included in the rate, as CBP is investor-owned, with its powerline fully funded in advance of operations commencing primarily via shares or

¹ Exhibit B-3, BCUC IR 1.1; Exhibit B-1, PDF pp. 15–21 (Electric Tariff), PDF pp. 22–43 (Shareholder's Agreement), PDF pp. 44–72 (Power Purchase Agreement).

² Exhibit B-3, BCUC IRs 4.5, 4.5.1; Exhibit B-1-1, pp. 1–2 (net metering plan); Exhibit B-4, PDF pp. 2, 10–14 (net metering tariff), (together, Net Metering Plan and Tariff).

³ Exhibit B-1, p. 3.

⁴ Order G-55-24, Exhibit A-4 Letter dated April 25, 2024.

⁵ Exhibit B-4.

⁶ CBP Application for a CPCN proceeding, Order G-383-21, pp. 1–2.

⁷ CBP Application for a CPCN proceeding, Order G-383-21, pp. 1–2, Exhibit B-1, p. 9.

⁸ CBP Application for a CPCN proceeding, Order G-383-21, pp. 6–7; CBP Application for a CPCN Regarding Order G-383-21 Directive 1 Consultation Evidence, Order C-4-23.

⁹ CBP Application for a CPCN proceeding, Order G-383-21, pp. 18–23.

debt from its shareholders.¹⁰ CBP states that each customer has signed and is bound by the Shareholder's Agreement and Power Purchase Agreement and holds one common share in CBP. At the time of the Application, there were 56 common shares issued and outstanding in CBP.¹¹

The remainder of this decision will discuss CBP's rates and terms of service (Section 3.0), CBP's Net Metering Plan and Tariff (Section 4.0), and future reporting requirements (Section 5.0).

3.0 Rates and Terms of Service

As part of its proposed rates and terms of service for which CBP is seeking BCUC approval, CBP provides the Shareholder's Agreement and Power Purchase Agreement in conjunction with the Electric Tariff.¹² Together, these three agreements form CBP's rates and terms of service.

The Electric Tariff outlines several terms and conditions of service between CBP and its customers, including but not limited to, application for electrical service, billing and payment of account, and access to premises.¹³ CBP subsequently amended the Electric Tariff to include the addition of interest rates where applicable, defined terms, and reconnection requests and procedures (Revised Electric Tariff).¹⁴ The Shareholder's Agreement is an agreement between CBP and its shareholders that sets out how the utility will be operated as well as shareholders' rights and obligations.¹⁵ The Power Purchase Agreement defines the terms of electricity procurement between CBP and its shareholders, providing a long-term framework for electricity supply up to December 31, 2060.¹⁶

Section 5 of the Power Purchase Agreement defines the Contract Price, which represents the rate that customers would pay to receive service from CBP, as the sum of three components:

- (i) **Procurement Price:** The Procurement Price is defined in Section 5(c) of the Power Purchase Agreement as the actual cost paid by CBP to procure electricity from BC Hydro that is ultimately sold to CBP's customers. The Procurement Price is majorly a variable cost component that will be recovered from customers on a cents per kilowatt hour basis.¹⁷ However, there are components of the Procurement Price that are fixed costs and that will be recovered from customers on a proportionate share basis (i.e. with each customer paying an equal amount of the total fixed costs amount regardless of energy consumption).¹⁸ CBP states that it will take service from BC Hydro under Rate Schedule 1611.¹⁹
- (ii) **Operations and Maintenance Fee (O&M Fee):** The O&M Fee is defined in Section 5(c) as the amount CBP needs to cover its reasonably incurred O&M costs. Examples of such costs include ongoing engineering and advisory fees, costs of borrowing, and administrative costs, as well as establishing and maintaining reserve funds of \$15,000 for minor capital projects.²⁰ Most of the O&M Fee

¹⁰ Exhibit B-1, p. 9.

¹¹ Exhibit B-1, p. 6.

¹² Exhibit B-3, BCUC IR 1.1.

¹³ Exhibit B-1, Electric Tariff.

¹⁴ Exhibit B-4, PDF pp. 3–9 (Revised Electric Tariff).

¹⁵ Exhibit B-1, Shareholder's Agreement.

¹⁶ Exhibit B-1, Power Purchase Agreement, Section 2, p. 45.

¹⁷ Exhibit B-1, Power Purchase Agreement, Section 5, p. 47.

¹⁸ Exhibit B-1, Power Purchase Agreement, Section 5, p. 47; Exhibit B-3, BCUC IRs 1.5, 1.5.1.

¹⁹ Exhibit B-3, BCUC IR 1.5.2.

²⁰ Exhibit B-1, p. 9, Power Purchase Agreement, Section 5, pp. 47–48.

represents fixed cost components and will be recovered from customers on a proportionate share basis.²¹ Section 5(d) also requires that CBP annually inform its customers of any changes to the O&M Fee based on its good faith estimates of funds required for operations and maintenance.²² CBP notes that to monitor O&M costs, customers have an ongoing legal right to receive annual financial reporting and to audit CBP's information. CBP mentions other internal controls to monitor O&M costs including rules regarding remuneration to directors and requirements for multiple approvals on invoices and cheques.²³

- (iii) Recovery Amount: The Recovery Amount is defined in Schedule D of the Power Purchase Agreement as customer's proportionate share of the recovery amount for line losses and uncollected amounts over 120 days old.²⁴ Most of the Recovery Amount represents fixed cost components and will be recovered from customers on a proportionate share basis.²⁵

CBP further explains that fixed cost components are those that are not dependent on metered consumption, while variable cost components are those that are dependent and vary with metered consumption.²⁶ CBP states that each cost component shall be allocated as either fixed or variable based on CBP's reasonable discretion, with every customer paying a proportional share of the fixed costs plus variable costs based on metered consumption.²⁷

The Contract Price, as outlined above, aims to provide rates reflective of the actual costs to procure electricity from BC Hydro and the operational expenses associated with operating and maintaining CBP's distribution system.²⁸ CBP states that this proposed "flow-through rate adjustment mechanism" allows CBP to automatically adjust rates in response to changes in its costs to provide service, thereby minimizing the need for frequent regulatory processes and filings.²⁹ CBP has explored alternative rate-setting mechanisms such as multi-year test period forecasts, automatic rate-setting mechanisms, and indexing. However, CBP states that each of these methods carries a material risk of distorting CBP's cost recovery model.³⁰

In addition to single family residential load, CBP has agreed to provide electricity service to the community of Kal Park Estates and the Cosens Bay Property Owners Society for its signboard location.³¹ CBP states that these minor services are for the benefit of the entire Cosens Bay community, and therefore these electrical services will pay a discounted amount of fixed costs along with their full variable costs based on usage.³² Kal Park Estates will pay 50 percent of its proportionate share of fixed costs, while Community Electrical Services will pay 25 percent of its proportionate share of fixed costs.³³

CBP proposes to initially bill customers based on a six-month billing cycle on September 30 and March 31 of each year.³⁴ CBP notes that BC Hydro bills CBP on a bi-monthly basis that will line up with CBP's proposed six-

²¹ Exhibit B-1, Power Purchase Agreement, Section 5, p. 47; Exhibit B-3, BCUC IRs 7.2, 7.3.

²² Exhibit B-1, Power Purchase Agreement, Section 5, p. 48.

²³ Exhibit B-1, Power Purchase Agreement, Section 5, p. 48; Exhibit B-3, BCUC IR 1.2.1.

²⁴ Exhibit B-1, Power Purchase Agreement, Section 5, pp. 47–48, Schedule D, p. 66.

²⁵ Exhibit B-1, Power Purchase Agreement, Section 5, p. 47.

²⁶ Exhibit B-3, BCUC IR 7.1.

²⁷ Exhibit B-1, p. 9.

²⁸ Exhibit B-1, p. 9.

²⁹ Exhibit B-1, p. 4.

³⁰ Exhibit B-3, p. 21.

³¹ Exhibit B-1, pp. 6–7.

³² Exhibit B-3, p. 19.

³³ Exhibit B-1, pp. 12, 13.

³⁴ Exhibit B-1, Power Purchase Agreement, Section 6, p. 48.

month billing cycle.³⁵ However, per Section 6 of the Power Purchase Agreement, CBP may, in its sole discretion, change the number and timing of billing periods in a year at any time.³⁶

Panel Determination

The Panel approves the rates including the applicable terms as set out in the Revised Electric Tariff, Shareholder's Agreement, and Power Purchase Agreement as filed. This includes the Contract Price, inclusive of the Procurement Price, O&M Fee, and Recovery Amount as defined by Section 5 of the Power Purchase Agreement.

The Panel finds that the Revised Electric Tariff, along with the Shareholder's Agreement and Power Purchase Agreement, adequately addresses the operational, financial, and regulatory requirements for CBP's utility operations. Given CBP's limited customer base, where all customers are also shareholders of the utility, the Panel considers this structure to align the interests of customers and shareholders while also promoting transparency and accountability. Additionally, the Panel notes that Section 13 of the Power Purchase Agreement includes processes for dispute resolution, allowing CBP customers to raise complaints with the BCUC, thus providing an additional layer of regulatory oversight. The Panel also finds that the Shareholder's Agreement and Power Purchase Agreement are consistent with what was filed in the previous CBP Application for a CPCN proceeding.³⁷

The Panel acknowledges that the Contract Price is based on the actual costs that CBP will incur to provide service to its customers and will be recovered on a flow-through basis to allow CBP to recover exactly the costs of providing service to the community of Cosens Bay. The Panel finds CBP's proposed flow-through rate-adjustment mechanism to be reasonable and appropriate to the circumstances in which CBP will operate and provide service. The Panel also notes that there are sufficient internal controls in place within CBP to monitor the components of the Contract Price. This includes rules regarding remuneration to directors and requirements for multiple approvals on invoices and cheques.³⁸ The Power Purchase Agreement also provides sufficient recourse for customers to take if needed, for example, customers' ongoing legal right to receive annual financial reporting and to audit CBP's information.³⁹

The Panel finds an initial six-month billing cycle that aligns with the billing cycle of BC Hydro to CBP to be an appropriate frequency to bill CBP's customers. **However, in the event that CBP does change the number and timing of billing periods as permitted under Section 6 of the Power Purchase Agreement, the Panel directs CBP to notify the BCUC of the new number and timing of billing periods within 30 days of any such change.** The Panel also acknowledges that all customers, who are also shareholders, have signed agreements that outline these terms and the Contract Price.

4.0 Net Metering Plan and Tariff

CBP is seeking BCUC approval of its Net Metering Plan and Tariff as part of this proceeding.⁴⁰

³⁵ Exhibit B-1, Electric Tariff, p. 14; Exhibit B-3, BCUC IRs 1.5.3, 1.5.4.

³⁶ Exhibit B-1, Power Purchase Agreement, Section 6, p. 48.

³⁷ CBP Application for a CPCN proceeding, Exhibit B-1, Attachment 7.3, pp. 285–327.

³⁸ Exhibit B-1, Power Purchase Agreement, Section 5, p. 48; Exhibit B-3, BCUC IR 1.2.1.

³⁹ Exhibit B-1, Power Purchase Agreement, Section 5, p. 48; Exhibit B-3, BCUC IR 1.2.1.

⁴⁰ Exhibit B-1-1, pp. 1–2; Exhibit B-4, PDF pp. 10–14; Exhibit B-3, BCUC IRs 4.5, 4.5.1.

The Net Metering Plan and Tariff outline the process for and the accounting treatment of renewable electricity generation by CBP residential customers for their own use and installed within a customer's property.⁴¹ CBP customers approved for net metering will allow any excess electricity generated on their property to be exported into the CBP electrical distribution system.⁴² The Net Metering Plan and Tariff explain that customers who export a net surplus of energy to CBP during a six-month billing period will receive a credit for the amount of energy exported. CBP will pay for such energy at the average energy price CBP paid to BC Hydro over the same six-month billing period.⁴³

CBP states that it is "highly unlikely" that solar generation from CBP customers will exceed total consumption by CBP customers at any time, largely due to the shadowing effect of the mountain region to the south of the community.⁴⁴ CBP states that due to the expected negligible net export of electricity to the BC Hydro grid, it will apply to BC Hydro as a simple net metering customer.⁴⁵ In the event that the aggregate capacity of CBP's customers exceeds 100 kilowatts,⁴⁶ CBP states that it will enter discussions with BC Hydro to review the 100 kilowatt requirement and request an exception for CBP, noting it is likely that CBP will have little to no net generation to the BC Hydro grid regardless of the amount of connected net metering generation capacity, and all individual CBP customers will meet BC Hydro's simple net metering requirements.⁴⁷ CBP states it intends to file its application as a simple net metering customer to BC Hydro in May 2024.⁴⁸

Panel Determination

The Panel approves the Net Metering Plan and Tariff as filed. The Panel finds that CBP has clearly outlined its approach to net metering and considers a six-month billing period, payable at the average energy price CBP paid to BC Hydro over the same period, to be reasonable.

The Panel acknowledges that CBP intends to file its application to BC Hydro to become a simple net metering customer in May 2024. **The Panel directs CBP to file a copy of the resulting net metering agreement with BC Hydro to the BCUC either within 30 days of completion or within 30 days of the date of this decision, whichever is later. In the event that CBP's status as a simple net metering customer to BC Hydro should change in the future, the Panel directs CBP to file an updated Net Metering Plan and Tariff to the BCUC within 30 days of any such change.**

5.0 Future Reporting Requirements

CBP is seeking BCUC direction regarding future proceedings, filings and reports as part of this proceeding.⁴⁹ The following two sub-sections address CBP's future reporting requirements regarding future share and debt issuances (Section 5.1) and future compliance requirements (Section 5.2).

⁴¹ Exhibit B-4, PDF p. 10.

⁴² Exhibit B-4, PDF p. 10.

⁴³ Exhibit B-1-1, p. 2.

⁴⁴ Exhibit B-1-1, p. 2.

⁴⁵ Exhibit B-1-1, p. 2.

⁴⁶ 100 kilowatts is the limit to be considered a simple net metering customer to BC Hydro per <https://app.bchydro.com/accounts-billing/electrical-connections/net-metering.html#eligibility>

⁴⁷ Exhibit B-3, BCUC IR 4.7.

⁴⁸ Exhibit B-3, BCUC IR 4.6.

⁴⁹ Exhibit B-1, p. 4.

5.1 Future Share and Debt Issuances

CBP's funding is provided primarily by its shareholders through the issuance of shares and debt.⁵⁰ Prior to becoming a public utility, CBP did not require BCUC approval for the issuance of securities (shares or debt).⁵¹ However, following the granting of a CPCN for the Cosens Bay community electrification project by BCUC Order C-4-23 on October 17, 2023, CBP requires BCUC approval to issue securities.⁵²

To the date of the Application, CBP's shareholders have provided equity of \$2,884,806, representing 56 shares issued and outstanding, for customers that each have signed a Shareholder's Agreement and Power Purchase Agreement as discussed in Section 3.0 of this decision.⁵³ CBP states that future shares would be issued under the same terms as the Shareholder's Agreement and Power Purchase Agreement, as changing those agreements would require asking each signatory to approve the changed terms, which CBP does not anticipate doing for the foreseeable future.⁵⁴

CBP supports a standing BCUC approval for future shares issued under the same terms as the current Shareholder's Agreement and Power Purchase Agreement and is willing to provide annual compliance filings that would summarize any issuances within a given year.⁵⁵ CBP anticipates new shareholders will subscribe frequently, particularly in the initial years after the powerline is completed and customers begin taking service, and therefore CBP states that annual reporting would materially lessen the regulatory burden.⁵⁶

CBP also issued promissory notes for loan commitments from certain existing shareholders and/or their family members totalling \$2 million (Grid Promissory Notes).⁵⁷ The terms of the currently issued Grid Promissory Notes are outlined on page 8 of the Application and include a 15-year term with interest earned only for the first 10 years at a fixed 3 percent rate.⁵⁸ CBP states that new customer capital received (i.e. new shares or debt issued) that is deemed by CBP's directors to be surplus will be used to repay the Grid Promissory Note principal.⁵⁹ CBP states that new customer capital will be deemed surplus to the extent it is not required to either fund planned capital improvements or other capital projects or to maintain an appropriate level of working capital.⁶⁰ CBP states that any Grid Promissory Note principal remaining outstanding after year 10 will be repaid by customers through the flow-through rate-adjustment mechanism in years 11 through 15.⁶¹

During the course of this proceeding, on May 19, 2024, CBP shareholders approved the issuance of an additional \$1 million of Grid Promissory Notes with substantially the same terms and conditions as the existing Grid Promissory Notes, except for the interest rate which may vary but shall not exceed 5 percent.⁶² The issuance was required to close the gap between the total funds available of \$4,884,806 and the current project cost estimate of \$5,492,186.⁶³

⁵⁰ CBP Application for a CPCN proceeding, Exhibit B-1, p. 6.

⁵¹ CBP Application for a CPCN proceeding, Order G-383-21, p. 23.

⁵² CBP Application for a CPCN Regarding Order G-383-21 Directive 1 Consultation Evidence, Order C-4-23; *Utilities Commission Act*, section 50.

⁵³ Exhibit B-1, pp. 3, 7.

⁵⁴ Exhibit B-3, BCUC IR 11.7.

⁵⁵ Exhibit B-3, BCUC IR 11.6.

⁵⁶ Exhibit B-3, BCUC IR 11.6.

⁵⁷ Exhibit B-1, p. 8.

⁵⁸ Exhibit B-1, p. 8.

⁵⁹ Exhibit B-1, p. 8.

⁶⁰ Exhibit B-3, BCUC IR 9.1.

⁶¹ Exhibit B-1, p. 8.

⁶² Exhibit B-4, p. 1.

⁶³ Exhibit B-3, BCUC IR 3.1.

CBP supports a standing BCUC approval for future debt issuances of Grid Promissory Notes under the same terms as those previously issued, adjusted for an interest rate that CBP determines is necessary to attract new capital. CBP is amenable to providing compliance filings in the event of any new Grid Promissory Note issuance.⁶⁴ CBP anticipates a need for a further issuance of Grid Promissory Notes, however CBP states that it is premature to assess the amount of additional funding needed until construction is complete. CBP states that the terms of any future Grid Promissory Note issuance would be the same as the previously issued Grid Promissory Notes except for the interest rate. CBP states that any new Grid Promissory Notes would be capped at a maximum interest rate of 5 percent given the rise in interest rates experienced in 2023.⁶⁵

Panel Determination

The Panel approves any shares issued by CBP since October 17, 2023, and any future issuances of shares under the same terms as the Shareholder's Agreement and Power Purchase Agreement. For any future share issuance under same terms as the current Shareholder's Agreement and Power Purchase Agreement, the Panel directs CBP to submit annual compliance filings to the BCUC that include:

- a summary of each new issuance in the year (date, amount, confirmation of the same terms with Shareholder's Agreement and Power Purchase Agreement);
- an updated running table of all shareholders and their capital contributions at the time of issuance; and
- a description of how the capital contributions are to be used (e.g. used to fund capital improvements or other capital projects, to maintain an appropriate level of working capital, or to repay Grid Promissory Note principal).

The Panel approves any Grid Promissory Notes issued by CBP since October 17, 2023, and any future issuances of Grid Promissory Notes under the same terms as the currently outstanding Grid Promissory Notes as set out in the Application, except for the interest rate which may vary from 3 percent to a maximum of 5 percent. The Panel finds that allowing the interest rate to vary from the current 3 percent to a maximum of 5 percent is reasonable for CBP to attract new capital in the current interest rate environment. For any future issuance of Grid Promissory Notes under the same terms as the currently outstanding Grid Promissory Notes as set out in the Application, except for the interest rate which may vary from 3 percent to a maximum of 5 percent, the Panel directs CBP to submit annual compliance filings to the BCUC that include:

- a summary of each new issuance in the year (date of issuance, amount, confirmation of terms consistent with currently outstanding Grid Promissory Notes as set out in the Application, confirmation of interest rate applied);
- a summary of any early principal repayments made in the year (date of repayment, amount of principal repaid, remaining principal outstanding, reason for early repayment); and
- an updated Grid Promissory Note continuity schedule.

The Panel emphasizes that the above approvals for future issuances of shares and Grid Promissory Notes would not apply to any future issuances where the terms were not the same as the Shareholder's Agreement and Power Purchase Agreement or the currently outstanding Grid Promissory Notes as set out in the Application, except for the interest rate on Grid Promissory Notes which may vary from the current 3 percent to a maximum of 5 percent. For clarity, if CBP were to issue any securities under terms different to those noted above, section

⁶⁴ Exhibit B-3, BCUC IR 11.2.

⁶⁵ Exhibit B-3, BCUC IR 11.1.

50 of the *Utilities Commission Act* would apply and CBP would be required to file an application seeking BCUC approval to issue any such securities.

5.2 Future Compliance Requirements

Under the flow-through rate-adjustment mechanism that CBP proposed in the Application and that is discussed in Section 3.0 of this decision, CBP would not be required to file revenue requirement applications at any pre-determined frequency. Given the potential impact to customers in year 11 when Grid Promissory Note principal is set to be paid down, CBP suggests a limited regulatory review process after it has completed an initial six years of operations. CBP states that at that time, O&M costs will have stabilized, and CBP will be in a better position to determine the total number of customers in terms of repaying Grid Promissory Note principal before year 11.⁶⁶

During the proceeding, CBP also discussed its intent to report various types of events and incidents to the BCUC as outlined in section 4 of its Operations Emergency Response Plan.⁶⁷

Panel Determination

The Panel acknowledges that under the flow-through rate-adjustment mechanism as approved in Section 3.0 of this decision, CBP is not required to file revenue requirement applications for the foreseeable future. However, the Panel notes that it is essential to implement reporting that provides sufficient regulatory oversight over CBP, especially in its initial years of operations, while also being mindful of the regulatory burden to CBP given its small customer base and its unique customer/shareholder dynamic.

As a public utility under the BCUC's jurisdiction, CBP is required to file the following with the BCUC on an annual basis:

- Annual Report (L-46-23),⁶⁸ which includes:
 - Summary Information Form, providing a high-level summary of the organization; and
 - Capital Expenditures Table, providing details of upcoming and ongoing capital expenditures;
- Annual Safety Declaration;⁶⁹ and
- Annual Cybersecurity Declaration.⁷⁰

The Panel also directs CBP to file the following information at the same time as the Annual Report – Summary Information Form noted above:

- **Contact information of the Chair, Directors, and CEO; and**
- **Customer complaints received in the preceding fiscal year.**

⁶⁶ Exhibit B-3, BCUC IR 10.1.

⁶⁷ Exhibit B-3, BCUC IRs 2.4, 2.5.1, Attachment 2.4 "Operations Emergency Response Plan", Section 4.

⁶⁸ BCUC Annual Report Requirements, L-46-23 (Summary Information Form is included as an attachment to L-46-23, Capital Expenditures Table provided in appendix): <https://www.ordersdecisions.bcuc.com/bcuc/orders/en/521920/1/document.do>

⁶⁹ BCUC Annual Safety Declaration for Public Utilities Form: <https://docs.bcuc.com/documents/forms/Annual-Safety-Declaration-for-Public-Utilities.pdf>

⁷⁰ BCUC Annual Cybersecurity Declaration for Public Utilities Form: <https://docs.bcuc.com/documents/forms/Annual-Cybersecurity-Declaration.pdf>

The Panel also directs CBP to report to the BCUC the events and incidents as outlined in Section 4 of its Operations Emergency Response Plan,⁷¹ consistent with Order G-52-24⁷² regarding Public Utility Safety Guidelines.

The Panel finds that at this time, the potential impact of Grid Promissory Note principal repayment in year 11 is reasonable, especially given that all customers are shareholders and have signed agreements that outline these terms and are aware of this potential future impact. The Panel views that re-visiting the performance of the flow-through rate-adjustment mechanism after six years of operations is reasonable and will allow for further analysis of the impact of the repayment of Grid Promissory Note principal to customers closer to the potential impact in year 11. **Accordingly, the Panel directs CBP to notify the BCUC upon commencement of operations following the completion of the Cosens Bay community electrification project. The Panel further directs CBP to submit a proposal to the BCUC that outlines, with supporting justification, its proposed regulatory review process by no later than March 2031.**

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of July 2024.

Original signed by:

T. A. Loski
Panel Chair/Commissioner

Original signed by:

M. Jaccard
Commissioner

⁷¹ Exhibit B-3, BCUC IRs 2.4, 2.5.1, Attachment 2.4 “Operations Emergency Response Plan”, Section 4.

⁷² BCUC Public Utility Safety Guidelines, Order G-52-24:

<https://www.ordersdecisions.b cuc.com/bcuc/orders/en/522146/1/document.do>