June 26, 2017

Dear BCUC via Commission Secretary

I was given Intervener status as at June 21, 2016. I posted my argument on August 2, 2016 with follow-up responses to BCUC posted on August 26, 2016. My arguments have not changed other than to say nothing has been decided by the BCUC. The monthly charge of $9.50 is far excessive for simply sending out email invoices every month. No actual checking of a meter is done because the charges are not for utilities used but simply for an excessive levy! As I mentioned in my previous correspondence, the rates SETES is attempting to finalize are far in excess of Hydro and other similar utilities!

My fear is when the rates are actually set; tenants (that care to remain at Shannon Apartments) will be subjected to retro-active charges going back to January 2016. If the BCUC allows this, they (BCUC) and Wall Financial will be faced with a massive uprising resulting in petitions to the Tenancy Branch and formidable law suits in Small Claims Court resulting in negative publicity directed at the BCUC and Wall Financial! Investigative reporters will have a “field-day” with this for several news cycles, but I digress!

What is really troubling is how so much has changed in the amount of paperwork that has been generated. Since the Condo Ratepayers have now intervened and hired a consultant and a lawyer and Wall Financial has retained their lawyers and their continuous consultants, the costs have escalated dramatically and Wall Financial through its wholly owned energy company is attempting to recover those costs and pass them on to the tenants of Shannon Apartments and condo owners of Phase 1 and further recovery from Phase 2 when completed in early 2019 and the new owners move in and are faced with massive debt they had no part in generating!!

A Letter of Comment submitted by Michael Sakamoto under DOC. 48820 d-24-1 on February 21, 2017 and distributed by BCUC on February 28, 2017 makes numerous valid points as to how this travesty has unraveled!!

Another Letter of Comment submitted by Gerard F. Duffy on April 25, 2017 to the BCUC makes the complete case for this travesty through the eyes of a Professional Engineer and MBA Graduate. He sees this as a professional consultant sees it, not paid by the developer!!

The real problem is where this application got off track. It became derailed when Wall Financial, through its agent, Rennie Marketing started accepting contracts of sale without the proper and fully complete disclosure documents as required under the Real Estate Act way back in January 2013.

Shannon Apartments (the 213 unit building finished in November 2015) started renting suites in December 2015 failing to notify prospective tenants of the current and future cost of utilities. No proper disclosure was given out by the Rental Manager at the time (she left Shannon in January 2016). The new rental management was under the strain of renting all the apartments by April 2017!

This was no doubt forced upon the developer by its bankers in order to get an enormous monthly cash flow to service huge loans to enable it to start on Phase 2 of the all condominium development. I suspect that the same pressure held true for the pre-sales of Phase 2 and critical and serious mistakes under the Real Estate Act were made by Rennie Marketing!!

The costs of this further hearing process from $300 per hour consultants and $500 per hour billing lawyers along with current thermal costs from June 2016 onward should not be borne or amortized for the next 20 to 30 years over some of the already more expensive 213 rental units in Vancouver. Pass this cost onto Rennie Marketing as they did not do their job in a proper fashion and report them to the Real Estate Council for disciplinary action!

I am sure the Phase 1 owners and the future Phase 2 owners do not wish this as well!! If Wall through its thermal companies is allowed to proceed with these cost recoveries, then my suggestions in paragraph 2 will no doubt begin, but again I digress.

I have looked into just how “thermal energy” from the system we have on our building roof saves the owner money in energy but actually puts money back into its pocket! The savings could more than off-set the cost to the tenants of “heating and hot water” and even eliminate the “thermal energy levy” we are now currently paying!

This system was mandated by the current inept and long serving Mayor and his unsavory 7 councillors and it should not add further costs to an already bloated rental market in the City of Vancouver!!

I am therefore requesting that the BCUC reverse the current rates, monthly charges on our thermal system to a more reasonable level and further forbid the energy company connected to Wall Financial from passing on all the unnecessary costs associated with this dragged out hearing!

Earnings Based on Rates Proposed by SWCRA

Return on 42.5% Equity Using Generic Cost of Capital Approach Low	Medium		High
2016-2022	-17.6%	-7.3%	1.4%
2016-2026	0.7%	9.2%	16.4%
2016-2035	10.3%	16.8%	22.6%
2016-2045	12.5%	18.2%	23.5%

SWCRA proposed the use of SEFC rates to set its capacity levy to ensure regulatory efficiency. If it wishes to set its rates on the basis of its costs, then the proposed rates should reflect the costs and not the rate for SEFC. As it was SWCRA's choice to peg its rates to SEFC, then it should be satisfied that the rate is sufficient to cover its costs.

As SWCRA has pegged its rates to SEFC and BC Hydro rates, both of which already contain the cost for regulatory or other approvals, we do not believe it is appropriate to add regulatory costs on top of those rates.

Sincerely yours,

Robert P.L. Peden
19 year tenant with my wife Catherine of Shannon and Wall Financial