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British Columbia  
Utilities Commission

## Letter of Comment

In accordance with the Commission's Rules of Practice and Procedure, to submit a letter of comment concerning an application currently before the Commission, please provide a completed form to [commission.secretary@bcuc.com](mailto:commission.secretary@bcuc.com). If email is unavailable, please mail the form to the address above. By doing so, you acknowledge that all letters of comment are published with the author's name as part of the public evidentiary record, both in print copy and on the Commission's website. All personal contact information provided on this page is removed before posting to the website. Forms must be received by the Commission by the last filing date included in the proceeding's regulatory timetable before final arguments.

Proceeding name

Are you currently registered as an intervener or interested party?

Name (first and last)

City  Province

Email  Phone number

# Letter of Comment

Name (first and last)

Sok Mui Lee

Date:

30-Jun-16

Comment: Please specify the reasons for your interest in the proceeding, your views concerning the proceeding, any relevant information that supports or explains your views, the conclusion you support and any recommendations. The Commission may disallow comments that do not comply with the Rules of Practice and Procedure.

Dear Commissioner,

I am writing to express my views on the legitimacy of the proposed rates by SETES.

The following illustrates the fixed and variable rate models of three utilities regulated by BCUC:

SEFC NEU: \$0.0489/sq. foot per month; \$0.04332/kWh

DEU(River District): \$0.0511/sq. foot per month; \$0.03584/kWh

BC Hydro: \$0.1835/day;\$0.0829/kWh per month for the 1st 675 kWh; \$0.1243/kWh additional

SEFC NEU adopts a high fixed rate and low variable rate structure, whereas BC Hydro adopts a low fixed rate and high variable rate structure. SETES's proposal to set a high fixed rate (in reference to SEFC) and a high variable rate (in reference to BC Hydro) would allow SETES to charge the highest possible rate to customers. However, the rate application fails to demonstrate the relevance of such a rate structure in terms of SETES's fixed cost and variable cost structure in comparison to its counterparts. Approving such an aggressive rate structure may set a precedent for future utility rate applications which will adversely affect affordability of energy costs going forward. The unaffordability of energy costs will be more severely worsened by future rate escalation due to such a high base number.

Variable rates:

The variable rates charged by two other neighbourhood renewable energy systems in Vancouver are: \$0.04332/kWh (SEFC NEU) and \$0.03584/kWh (DEU)

What is the justification for SETES to charge a variable rate that is equivalent to 240% and 290% charged respectively by these counterparts?

Meter charge and sustainment capital fund

Both SEFC NEU and DEU do not charge customers monthly metering charge and sustainment capital fund, but instead incorporate these costs into their relatively high fixed rate model. Since SETES applies a high-fixed-high-variable rate model, its revenue would be more than lucrative than just to recover costs to repair and sustain capital assets. SETES also fails to demonstrate specific monthly costs exclusively related to meters that justify such a high monthly fee.

Fixed rate:

A portion of SEFC NEU's fixed cost covers the land rent of the utility. (QUEST Business Case study Integrated Community energy system on Southeast False Creek neighbourhood energy utility 5.2.2.1 p.22)

[http://www.sauder.ubc.ca/Faculty/Research\\_Centres/Centre\\_for\\_Social\\_Innovation\\_and\\_Impact\\_Investing/Core\\_Themes/Low\\_Carbon\\_Economy/~/\\_media/Files/ISIS/Reports/Carbon%20Management%20Reports/QUEST-ICES-Business-Case-Southeast-False-Creek-Neighbourhood-Energy-Utility.ashx](http://www.sauder.ubc.ca/Faculty/Research_Centres/Centre_for_Social_Innovation_and_Impact_Investing/Core_Themes/Low_Carbon_Economy/~/_media/Files/ISIS/Reports/Carbon%20Management%20Reports/QUEST-ICES-Business-Case-Southeast-False-Creek-Neighbourhood-Energy-Utility.ashx)

Given that SETES utility is built on Shannon Wall's property, fully owned by Wall Financials, the fixed rate of SETES should be deducted by the percentage of land rent of SEFC NEU's fixed cost.

Yours sincerely,

Sok Mui Lee