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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. 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

Shannon Estates Thermal Energy System Rate Application

Are you currently registered as an intervener or interested party?

Yes, interested party

Name (first and last)

Bor Li

City

Province

BC

Email

Phone number

Letter of Comment

Name (first and last)

Bor Li

Date:

26-Aug-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 would like to present the following comments for your further consideration in evaluating SETES's rate application:

1) A separate rate class with reduced capacity charge and rate rider (if approved) should be considered to be established for tenants for the following reasons:

-Capacity charge is designed to cover the fixed cost associated with construction and operation of the utility. Although it is a fixed cost calculated according to unit size, the justification for such calculation is based upon the assumption that all customers are given equal access to homogeneous service at any time throughout the year. Thus, everyone in the same rate class has a proportional share of the utility's depreciation and maintenance cost.

-Without access to the space cooling service, tenants' heat usage during the summer should be essentially zero and therefore have negligible contribution to the fixed component of the utility's cost during that period. Charging tenants the same capacity charge as strata owners, who are privileged to enjoy the utility's full capacity year-round due to space cooling made available exclusively to strata, at a reduced variable rate (\$0.0518/KWh charge for space cooling is 50% of space heating variable rate), unfairly force tenants to subsidize strata owners in taking on additional share of fixed cost directly associated with the provision of space cooling service.

-For the same argument, tenants should take on a lower share of the utility's sustainment capital fund.

-SEFC NEU and Sun Peaks Utilities, both referenced utilities in the rate application, implemented differentiated basic/capacity charges to different rate groups corresponding to their different nature of service/usage level. All customers within the same rate group are given access to homogeneous utility services. In particular, SEFC NEU stated that "the separate rate classes were established to ensure that NEU costs are equitably distributed between different customers". Putting tenants in the same rate class as strata owners challenges the equity of the rate structure and BCUC's mission to ensure ratepayers to receive nondiscriminatory energy services at fair rates from regulated utilities.

SEFC NEU 2014 customer rates 10346; <http://vancouver.ca/files/cov/false-creek-neighbourhood-energy-utility-2014-rates-report.pdf> p. 4

Sun Peaks Utilities Co., Ltd. gas tariff p.7;

http://www.bcuc.com/Documents/Proceedings/2016/DOC_46672_B-2_BCUC-IR-1-Response.pdf

-It is unfortunate that such a material fact (lack of space cooling provided for tenants) was entirely omitted in the rate application and the omission was later downplayed in the SETES response. SETES's inaccurate description of the utility service adversely hindered BCUC's ability to make well-informed decision and thus this part of the rate structure should undergo a more rigorous review.

2) Clarification of rate rider charges is required

-Rate rider is a percentage of the total bill. However, the rate application does not provide a definition for "the total bill". It is ambiguous that whether the rate rider is applied to charges such as service start charge, security deposits, reconnection fee, etc. Also, nothing was mentioned if the rate rider would be accordingly reversed should any of the above mentioned charges being refunded.

-Moreover, the rate rider charges were presented differently in the following three documents pertaining to the rate application:

i) SHANNON ESTATES THERMAL ENERGY SYSTEMS RATES APPLICATION FILED 2016-05-24 p.6
(annual limit per unit set at \$200)

ii) SHANNON WALL CENTRE RENTAL APARTMENTS LIMITED PARTNERSHIP Thermal Energy Tariff B.C.U.C No. 1 Section C p.5

(Sustainment Capital Fund Rate Rider consisting of:

-Capital Reserve Fund 2.5%-15% of total bill

-Emergency Repair Fund 2.5%-15% of total bill

-subject to the following limits: \$20 per month, \$200 for preceding 12 months, and \$500 for preceding 36 months)

iii) Order # G77-16 p.2

(sustainment capital fund: 2-15 % of total bill to a maximum of \$20 per month or \$200 per year)

-Even though the interim rate rider was collected according to the Tariff (5% of the total bill with capital reserve fund and emergency repair fund combined), order #G77-16 was the only rate schedule given out to customers in hard copies. (SWCRA final argument section 3.0 http://www.bcuc.com/Documents/Arguments/2016/DOC_47171_08-19-2016-Shannon-FinalArgument.pdf)

-Customers were totally unaware of the shocking difference in their actual payment compared to what was initially presented before closing of the previous evidentiary period. In addition, the \$500 limit for preceding 36 months was not communicated in any form of correspondence.

-If the proposed rate rider is approved, customers could face up to 30% (completely at SETES's discretion) of their total bill merely to be kept in reserve for future repairs.

3) QMC

Customers are only given two options in paying utility bills: mail a cheque to QMC each month and pay security deposits; or pay through pre-authorized monthly debit payments. Given the likelihood of postal service interruption in the coming months, customers should be given more options in making payments. QMC's office is located in Coquitlam. Having a senior customer to drive over an hour to pay a bill should never be considered as an acceptable option.

4) The applicant failed to provide the Commission with consistent and comprehensive information throughout the rate structure evaluation process. There are a few examples:

-Inaccurate description of services available to customers was given in the application, in particular, tenants' inaccessibility to space cooling service.

-Customers were presented with inaccurate description of rate rider charge

-In Exhibit B-5 section F utility comparison p.19 39.1:

Monthly metering charge (\$9.5/month) was omitted in the original comparison. On the other hand, rate rider was excluded from the revised spreadsheets. However, no reason was given to explain the inconsistencies while both monthly metering charge and rate rider should be included indeed.

SETES's response in 39.2 and 39.3 further illustrates its reluctance to provide consistent data sets for analysis. This has made comparison of utilities rate unnecessarily burdensome for the Commission.

Customers are placed in a vulnerable position when key information is selectively disclosed or is presented in confusing ways. Dear commissioner, I believe that rigorous regulatory standards shall be applied in reviewing the rate application in order to protect public interest.

Best regards,

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