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B.C. Utilities Commission

900 Howe Street
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Vancouver, B.C. V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Re: Shannon Estates Thermal Energy System Rates Application

The Shannon Ratepayers Group (SRG) requests that the BCUC direct the Applicant to provide a complete and accurate answer to SRG IR No. 3, q. 2.12. Its current answer to the question contradicts other information provided by it, making it difficult for the SRG to understand who the developer is for each Phase of the development and who owns the legal and beneficial interests in the TES. Further it has not provided the SRG with a copy of the requested document.

Reasons For Request

In its final submission SRG intends to argue that the entities who developed and sold condominium units to ratepayers are also the legal and/or beneficial owners of the TES. These facts are relevant to SRG's argument concerning the capital costs of the TES and avoided capital costs.

SRG IR No. 3, q 2.12 and the Applicant's answer is as follows:

2.12 SWCRA makes the following statement in Exhibit B-1-1, Appendix B1, s. 2: "The applicant, Shannon Wall Centre Rental Apartments Limited Partnership (SWCRA) is a single purpose Limited Partnership established to own and operate the 213-unit rental property known as Shannon Mews & Apartments, and will also own and operate the TES plant. The General and Limited Partner is Wall Financial Corporation. The developer, Wall Financial Corporation (WFC) is a publicly traded real-estate investment and development company incorporated in BC in 1969."

Does Wall Financial Corporation own units in Shannon Condominium Developments Unit Trust and if so, how many. Please provide us with a copy of the Shannon Condominium Developments Unit Trust agreement.

[SETES: The statements from Exhibit B-1-1, Appendix B1, s. 2 as quoted in the question are not completely accurate, and are clarified as follows. The Unit Trust is the developer for Phase 2 and does not have any ownership interest in the TES. Also, the general partner of the SWCRA is not WFC, but rather, is Shannon Wall Centre Rentals GP Inc., a company wholly owned by WFC. The developer is SWCRA and not WFC.]

1. Request: The SRG requests that the BCUC order that it be provided with a copy of the SWCRA Limited Partnership agreement for the following reasons.

In Exhibit B-1-1, Appendix B1, s 2, the Applicant states: “The applicant, Shannon Wall Centre Rental Apartments Limited Partnership (SWCRA) is a single purpose Limited Partnership established to own and operate the 213-unit rental property known as Shannon Mews & Apartments, and will also own and operate the TES plant. The General and Limited Partner is Wall Financial Corporation.”

A limited partnership is not a legal entity. It is a business structure. The legal entity through which a limited partnership operates is its general partner, which is typically a company. The applicant should be described as SWCRA Limited Partnership by its general partner, Wall Financial Corp. or Shannon Wall Centre Rentals GP Inc.

The Applicant stated that the general and limited partner was Wall Financial Corp. However, in answer to Exhibit B-17, SRG IR No. 3 q. 2.12, the Applicant changes the identity of the general partner from Wall Financial Corp. to Shannon Wall Centre Rentals GP Inc. The SWCRA Limited Partnership agreement must be examined to determine who owns and the TES.

2. Request: The SRG requests that the BCUC order that it be provided with a copy of the Shannon Condominium Developments Unit Trust declaration of trust agreement for the following reasons.

In Exhibit B-1-1, Appendix B1, s 2, the Applicant states: “The Unit Trust is the developer for Phase 2 and does not have any ownership interest in the TES.”

This is incorrect because a unit trust is not a legal entity. Rather, it is a business structure that operates through its trustee for the benefit of its beneficiaries. In order to determine if the developer of Phase 2 owns, directly or indirectly, a legal or beneficial interest in the TES, the declaration of trust agreement must be examined.

To date, the Applicant has provided confusing and factually incorrect information. The disclosure of the above document will be used in the preparation of SRG’s final submissions and will allow it to be succinct.

Yours truly,

Dean Thomas Fox