

north shore news

Disappointed with LEC white elephant

[Joyce Taylor](#) / North Shore News

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Dear Editor:

The Jan. 1 North Shore News reported the "City Loans Lonsdale Energy Corp \$12M." Most of us know nothing about LEC, so it was surprising research to find all new multi-family and large commercial developments (over a certain size) must connect to the LEC. Developers include any boilers and infrastructure in the new building cost and include their connections to LEC as part of the package for increases to extra density over the OCP. The developer benefits and the LEC benefits in the short run. But the equipment in the first few buildings is nearing the end of its warranty period.

Since the LEC is responsible for all repairs and maintenance, the cost of maintaining and replacing will only increase in the future. According to the city's audited financial statements, the city loaned \$2 million to LEC as a start-up loan (still owing). In addition, in 2009 LEC owed the city \$1,034,000, which increased to \$2,224,000 in 2010, to \$4,376,000 in 2011 and \$8,664,000 in 2012. The LEC reported net income of \$107,000 in 2009, \$112,000 in 2010, \$148,000 in 2011 and only \$53,000 in 2012. The fact there was net income was only because LEC couldn't pay its bills! In the article Mayor Mussatto stated "we have a very low cost to our customer."

The customer, being occupants of the 42 buildings connected to the LEC, with the liability being borne by all of the city taxpayers. At the rate the LEC is going it does not appear it will ever generate sufficient income to pay off its bills without significantly increasing the costs to those customers. The LEC has already installed its infrastructure in many of the city streets, caused traffic delays, reduced the life span of the street pavement and moved forward the date when those streets will need repaving - a cost also borne by all taxpayers. The article reported additional construction for 2014. We already have a glut of unsold condos, empty commercial units, and lowered property assessments for some current condos. In the article Mayor Mussatto stated "people come from all around the world to see how well we've been doing."

A few years ago, the city gave the District of North Vancouver a grant to study the viability of the LEC model for the district. The district decided LEC would not work for them. I expect their larger area and lower density were part of the decision and I expect this would factor into the decision of many municipalities. In addition, buying a non-renewable resource, natural gas, packaging it with expensive infrastructure and then forcing the utility cost on the condo owners and the liability on the taxpayers was perhaps not that attractive. I also have a hard time accepting Mayor Mussatto's quote "every energy utility around would love to buy and operate Lonsdale Energy Corporation." The LEC is a white elephant which will only get more expensive every year and could only be sold if outstanding debt owed to the city (to us the taxpayers) was forgiven.

I am disappointed the decisions to continue this waste of money was a unanimous vote and wonder how each will spin their stand come election time.

Joyce Taylor

North Vancouver

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