

**IN THE MATTER OF the *Public Utilities Act*
Revised Statutes of Yukon, 2002, c.186, as amended**

and

**An Application by Yukon Energy Corporation (YEC)
for approval of Rate Schedule 39 – Escalation of Demand and
Energy Charges per Order-in-Council 2007/94**

BEFORE: B. McLennan, Chair) April 6, 2011
 B. Laking)
 R. Hancock)
 J. Woodland)
 K. Avery)

BOARD ORDER 2011-04

WHEREAS:

- A. On November 30, 2010, Yukon Energy Corporation (YEC) filed an application with the Yukon Utilities Board (Board) seeking an Order from the Board for approval of amendments to Rate Schedule 39;
- B. OIC 2007/94 provides for escalation of Demand and Energy charges, once per calendar year, starting January 1, 2010, based on the latest percentage increase in the 12-month implicit chain price index for gross domestic product at market prices for Canada as reported by Statistics Canada;
- C. The existing Rate Schedule 39 was approved in Board Order 2008-13, pursuant to OIC 2007/94. In the proceeding that resulted in that Board Order, YEC committed to file for approval of the Board any changes to this rate schedule arising from the escalation of Demand and Energy charges under the OIC;
- D. YEC submits that the most recent data available from Statistics Canada is for the Third Quarter of 2010 and, based on that latest data, there is a requirement pursuant to OIC 2007/94 to escalate the Demand and Energy charges for Rate Schedule 39 by 2.8%, for rates effective January 1, 2011;
- E. Board Order 2010-15 granted the YEC request to escalate the Demand and Energy charges in Rate 39 by 2.8% effective January 1, 2011 on an interim basis;
- F. Board Order 2011-02 granted Intervenor status to Leading Edge (LE) and to the Utilities Consumers' Group (UCG) and Observer status to the City of Whitehorse (CW). Board Order 2011-02 also determined that the scope of this proceeding is limited to the escalation of the Demand and Energy charges in Rate Schedule 39;
- G. YEC filed IR Responses on February 14, 2011;

- H. On February 21, 2011, UCG filed a Notice of Motion requesting the Board issue an Order requiring YEC to provide adequate responses to certain questions submitted by the UCG;
- I. By way of memorandum dated February 22, 2011, the Board provided a schedule for YEC to comment on the UCG Notice of Motion;
- J. Board Order 2011-03, issued March 10, 2011, denied the UCG motion and set the dates for Final Argument for March 17, 2011 and Reply Argument for March 23, 2011; and
- K. The Board considered the evidence and the written Argument and Reply Argument of the Parties respecting the Application.

NOW THEREFORE the Board orders as follows with Reasons attached as Appendix A:

The Board approves the request by YEC to escalate the Demand and Energy charges for Rate Schedule 39 by 2.8% effective January 1, 2011.

DATED at the City of Whitehorse, in the Yukon Territory, the 6th day of April 2011.

BY ORDER



Bruce McLennan
Chair

**IN THE MATTER OF the *Public Utilities Act*
Revised Statutes of Yukon, 2002, c.186, as amended**

and

**An Application by Yukon Energy Corporation (YEC)
for approval of Rate Schedule 39 – Escalation of Demand and
Energy Charges per Order-in-Council 2007/94**

Reasons for Decision

1.0 Scope of Proceeding

The scope of the proceeding was determined in Board Order 2011-02, which stated:

The scope of the proceeding is limited to the escalation of the Demand and Energy charges in Rate Schedule 39 and the Intervenors should govern themselves accordingly¹.

The Board notes the following from OIC 2007/94:

Escalation of demand and energy charges

Demand and Energy charges for the directed changes are to be escalated once each calendar year, starting January 1, 2010, based on the latest percentage increase in the 12 month implicit chain price index for gross domestic product at market prices for Canada as reported by Statistics Canada².

Based on the above, the Board confirms that the scope of this proceeding is governed by OIC 2007/94 and therefore the testing of the application is limited to determining that the correct escalation is used from the 12-month implicit chain price index for gross domestic product at market prices for Canada as reported by Statistics Canada.

2.0 Escalation Factor

YEC submitted in its application³ that:

The most recent data available from Statistics Canada, in the 12 month Implicit Chain Price Index is for the Third Quarter of 2010 and indicates that the latest percentage increase, is 2.8%.

¹ Board Order 2011-02

² *Order-In-Council 2007/94*, page 4.

³ Application, page 1.

UCG asked by way of Information Request UCG 1-3 that YEC provide the Statistics Canada schedule showing the aforementioned Index which had not been provided with the application. YEC provided the schedule in its response.

Leading Edge, in its January 14, 2011 submission, stated:

... I can verify that Yukon Energy has consulted the appropriate Statistics Canada table specified in OIC 2007/94, and has correctly identified 2.8% as the appropriate year over year increase from the third quarter of 2009 to the third quarter of 2010.

By way of Information request YUB-YEC 1-2 (b) and (c) the Board sought to confirm that the current revenue-to-cost ratio for Rate 39 customers exceeded unity, and also sought to understand that if this was so then what the justification for increasing Rate 39 was. By way of response YEC confirmed that the revenue-to-cost ratio exceeded unity, and also stated that the increase was due to OIC 2007/94.

Based on the above and given that Rate Schedule 39 is governed by OIC 2007/94, the Board finds YEC's calculation of the escalation to the Demand and Energy charges for Rate Schedule 39 by 2.8% effective January 1, 2011 to be accurate and accordingly approves the Rate Schedule 39 with the applied for amendments, as set out in Appendix B to these Reasons.

**FIRM MINE RATE
RATE SCHEDULE 39
INDUSTRIAL PRIMARY**

AVAILABLE: Throughout the service areas of Yukon Energy Corporation (“**YEC**”) and The Yukon Electrical Company Limited (“**YECL**”) served by the Whitehorse-Aishihik-Faro and Mayo-Dawson systems.

APPLICABLE: To all major industrial customers engaged in manufacturing, processing or mining with an electric service capacity in excess of 1,000 kW.

RATE: Charges in any one billing month shall be the sum of the following:

- (a) Demand Charge of \$15.42/kV.A of Billing Demand
- (b) Energy Charge of 7.81¢/kW.h for all energy used
- (c) Fixed Charge

For service to Minto mine site, the Fixed Charge each month shall equal the payments then required under the Power Purchase Agreement (the “**PPA**”) dated February 8, 2007 as amended on May 14 and May 25, 2007 between YEC and Minto Explorations Ltd. (“**Minto**”) for monthly Capital Cost Contributions for transmission connection to the mine.

For service to Alexco mine and mill sites, the Fixed Charge each month will equal \$7,289 as required under the Power Purchase Agreement (the “**PPA**”) dated September 1, 2010 between YEC and Alexco Resource Corp. (“**Alexco**”) for existing transmission connection to the mine and mill sites.

**PEAK
SHAVING
CREDIT:**

For customers with an established Winter Contract Load in good standing, a Peak Shaving Credit in each billing month equal to 50% of the Demand Charge times the Peak Shaved Load.

**MINIMUM
MONTHLY
BILL:**

The minimum monthly bill will be the sum of the Demand Charge and the monthly Fixed Charge, less any applicable Peak Shaving Credit.

**PEAK
SHAVED**

LOAD:

Peak Shaved Load in any billing month is the amount by which then nominated Winter Contract Load is less than the Billing Demand for the month.

BILLING

DEMAND:

The Billing Demand shall be the greater of:

- (a) the highest metered kV.A demand recorded in the current billing month;
- (b) the highest metered kV.A demand recorded in the previous 12-month period including the current billing month, excluding the months April through September; or
- (c) the contract minimum demand.

**WINTER
CONTRACT**

LOAD:

A customer may, by six month written notice to YEC, nominate a Winter Contract Load at not less than two-thirds of the customer's contract maximum demand subject to the following conditions:

- a) the customer will thereby contract with YEC not to exceed the nominated Winter Contract Load whenever the temperature at Whitehorse is below -30 degrees Centigrade, based on YEC informing the customer by phone, fax or e-mail as to forecast and actual winter temperatures at Whitehorse as provided for in paragraph (b);
- b) YEC will inform the customer at least one hour in advance, and not more than one day in advance, of a forecast temperature at Whitehorse being below -30 degree Centigrade; thereafter, until YEC informs the customer otherwise, the customer will be responsible for ensuring that its metered kV.A demand does not exceed the Winter Contract Load during any hour when the actual temperature at Whitehorse is below -30 degrees Centigrade; YEC will inform the customer forthwith when the temperature at Whitehorse is no longer forecast to be below -30 degree Centigrade within the next 24 hours;
- c) the customer agrees that the contract for the nominated Winter Contract Load will continue until terminated by written notice of not less than 12 months by the customer to YEC; and
- d) if during such contract period for the Winter Contract Load the customer's metered kV.A demand recorded, after YEC has

provided notice as specified in paragraph (b), exceeds the Winter Contract Load when the temperature at Whitehorse is less than -30 degrees Centigrade, the Winter Contract Load contract will be terminated forthwith, the customer will forthwith be required to repay to YEC all Peak Shaving Credits determined within the previous 12 billing months, and the customer will also pay for that billing month to YEC as penalty an amount equal to four times the Demand Charge on the metered kV.A demand recorded in excess of the Winter Contract Demand; in addition, YEC reserves the right if so required to meet system loads when the temperature at Whitehorse is less than -30 degrees Centigrade during the then current month and the following 12 months to interrupt electricity supplied to the customer in excess of the previous Winter Contract Load.

BASE

LOAD

ENERGY:

A Base Load Energy amount per month may be established for a customer of 90% of forecast use when YEC expects to require diesel fuel generation to service use in excess of such a Base Load Energy amount. At such time, Rate Schedule 39 will be submitted to the Yukon Utilities Board for amendment to adjust the Energy rate as required for a two part rate that yields the same overall energy charge at forecast energy use, with all energy consumed in excess of the Base Load being charged at a rate reflecting the incremental cost of service using diesel fuel generation and all other energy being charged at the reduced rate required to yield the same overall energy charge at forecast energy use.

RATE

MODIFICATIONS

APPLICABLE:

For fuel adjustment rider, see Rider F. Rider F applied to energy charges only, set to \$0.0 for fuel price forecast filed November 20, 2006.

ELECTRIC

SERVICE

REGULATIONS:

The Electric Service Regulations approved by the Yukon Utilities Board form part of this rate schedule and apply to YEC and every customer supplied with electric service by YEC in the Yukon Territory. Copies of the Electric Service Regulations are available for inspection in the offices of YEC during normal working hours.