

- E. YEC and YCS did not provide any comments regarding YECL's interim rate request. LE and City of Whitehorse supported YECL's interim rate request. UCG and Town of Watson Lake opposed the interim rates requested by YECL. YECL provided reply comments on June 21, 2013. It is noted that YECL may not have received the comments submitted by the Town of Watson Lake prior to providing its reply comments to the Board; and
- F. The Board has considered the interim rate request and submissions from parties.

NOW THEREFORE, based on the reasons set out in Appendix A, the Board orders as follows:

The Board approves interim rate adjustment rider, Rider R, in the amount of 6.5% for all electrical consumption on or after July 1, 2013. The interim rate adjustments are approved on a refundable basis.

DATED at the City of Whitehorse, in the Yukon Territory, this 25th day of June 2013.

BY ORDER



Bruce McLennan
Chair

Appendix A

Request by Yukon Electrical Company Ltd. for Approval of Interim Refundable Rates for 2013

Reasons for Decision

1.0 Interim Rate Request and Views of Parties

In YECL's 2013-15 General Rate Application a request was included to implement overall rate adjustments of 6.5% for all electrical consumption on or after July 1, 2013 through YECL rate adjustment rider, Rider R, on an interim refundable basis. Interveners expressed mixed views on YECL's request for 2013 interim rates.

YCS and YEC did not comment on YECL's request for interim rates. City of Whitehorse and LE supported the YECL Rider R request.

UCG submitted the following reasons in support of its position that the request for interim rates should be denied¹:

1. A December 6, 2012 application by YECL for interim rates was not considered by the Board as a related general rate application had not been filed;
2. YECL has forfeited the opportunity to recover revenue deficiencies for the period prior to July 1, 2013 and therefore the Board should only consider whether a revenue deficiency of 25% of the proposed deficiency or an interim rate rider of 3.25% should be implemented;
3. YECL has not established that the forecast revenue deficiency is probable, material or necessary for YECL's financial integrity, nor would it ensure the continued safe operation of YECL's system; and
4. Without further information regarding the possible discontinuance of the Yukon Interim Electrical Rebate (IER) and its potential impact on bills paid by Yukon ratepayers, the Board should not approve any adjustment to rates.

The Town of Watson Lake stated it had two concerns regarding the proposed interim rates. The first concern was regarding retroactive rate-making because YECL intended to collect 50% of the projected 2013 revenue shortfall in the period from July 1 to December 31, 2013 using Rider R and then collect the other 50% of the projected 2013 shortfall with the true-up after the conclusion of the GRA, perhaps through the use of a shortfall rider. The second concern was about the requested level of Rider R. It submitted that YECL was seeking to collect 100% of the revenue shortfall for the six-month period and the request did not recognize that the final revenue shortfall for the period from July 1 is likely to be lower than the projection by YECL. It argued that, as a result, YECL is likely to over-earn in the period from July 1 to December 31.

¹ UCG submission, June 20, 2013.

YECL replied that its submission mirrors that of YEC for YEC's 2012 interim rate application which was approved by the Board in Board Order 2012-05, and this position is supported by the City of Whitehorse in its submission. With respect to the issue of the IER, YECL submitted that it is not relevant to this interim rate application and that the UCG will have opportunity to make submissions on this issue later in the process of this GRA.

2.0 Findings of the Board

The Board notes that the request for interim rates was supported by two interveners (City of Whitehorse, LE), not opposed by two others (YEC, YCS) and challenged by two interveners (UCG and Town of Watson Lake).

The Board is of the view that any issues regarding impact on the discontinuance of the IER can be brought forward during the process for this application outlined in Board Order 2013-02. Also, if any adjustments are required resulting from this matter, the Board observes that the interim rates are applied for on an interim refundable basis. Further, the Board is not convinced by any of the other reasons set out by UCG to deny the request for interim rates.

Regarding the issue of retroactive rate-making, the Town of Watson Lake may bring forward this issue during the proceeding. Retroactive rate-making does not apply to the proposed interim rates because the interim rates requested are for the forward period of July 1 to December 31, 2013. The Board is not satisfied by the submissions of the Town of Watson Lake regarding the level of the proposed rates because the interim rates are refundable and will be adjusted when the final rates are determined by the Board, once it has heard and considered the evidence in this proceeding.

The Board considers it important that the interim rates would only be collected for approximately one-half of the applied-for revenue requirement increase for 2013. The Board is of the view that, until the merits of the GRA are determined, these interim refundable rates promote rate stability and are just and reasonable to both the utility and consumers. As a result, the Board finds that it is just and reasonable and in the public interest to approve interim refundable rates for YECL as applied for, for all electrical consumption on or after July 1, 2013.