

**IN THE MATTER OF the *Public Utilities Act***

**and**

**An Application by Yukon Electrical Company Limited  
for Approval of Revenue Requirements for 2016 and 2017**

**BEFORE:** R. Laking, Chair ) June 24, 2016  
A. Fortin )  
M. Hannam )  
B. King )

**BOARD ORDER 2016-02**

**WHEREAS:**

- A. On May 11, 2016, Yukon Electrical Company Limited (YECL), carrying on business as ATCO Electric Yukon, filed an application with the Yukon Utilities Board (Board), pursuant to the *Public Utilities Act* (Act), and Order-In-Council 1995/90, requesting an order approving a forecast revenue requirement for 2016 and 2017 (Application). YECL provides electrical services to customers in 19 communities. In addition, the Application seeks approval of:
- an interim refundable rate rider of 11.62 percent, effective July 1, 2016;
  - the continued use of currently approved deferral accounts, including purchase power flow-through, fuel price flow-through, and defined benefit pension costs during the test period; and
  - new deferral accounts related to liquefied natural gas fuel price changes, statutory tax rate change, feasibility studies and costs arising from Board Orders or legislative provisions not currently contemplated;
- B. YECL is seeking approval of revenue requirements of \$53,890,000 for 2016 and \$56,173,000 for 2017. These amounts represent a cumulative rate increase of 4.4 and 7.5 percent respectively, and year-over-year rate increases of 4.4 and 3.1 percent respectively;
- C. The Board issued Board Order 2016-01 on May 27, 2016, in which the Board set out a process schedule, pending ministerial approval. In that schedule, interested persons had until June 17, 2016 to register for this proceeding and to provide comments on YECL's proposed interim rates.

YECL was granted the opportunity to reply to those comments by June 21, 2016;

- D. The following persons registered in this proceeding by the participation closing date of June 17, 2016:

Yukon Energy Corporation (YEC)  
Utilities Consumers' Group (UCG)  
City of Whitehorse  
Yukon Conservation Society (YCS)  
John Maissan;

- E. The Board grants intervener status to YEC, UCG, the City of Whitehorse, YCS, and John Maissan;
- F. UCG opposed the interim rates requested by YECL, while the other interveners did not comment on YECL's proposal; and
- G. 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 adjust rider, Rider R, in the amount of 9.41 percent for all electrical consumption on or after July 1, 2016. The interim rate adjustments are approved on a refundable basis.

**DATED** at the City of Whitehorse, Yukon, this 24<sup>th</sup> day of June 2016.

BY ORDER



Robert Laking  
Chair

**Appendix A**  
**Request by Yukon Electrical Company Ltd.**  
**For Approval of Interim Refundable Rates for 2016**

**Reasons for Decision**

**1.0 Interim Rate Request and Views of Parties**

In YECL's 2016-17 General Rate Application (Application), a request was included for an interim refundable rate rider of 11.62 percent, effective July 1, 2016. At present, YECL has a rate adjustment rider, Rider R, of 7.20 percent. An increase of 4.42 percent from the currently approved 7.20 percent is being sought. YECL submitted that the resulting interim refundable rate rider of 11.62 percent would be applied to all YECL and YEC primary base revenues beginning July 1, 2016.<sup>1</sup>

UCG was the only intervener who provided comments on YECL's request for interim rates. UCG submitted the following reasons in support of its position that the request for interim rates should be denied:

- A. YECL has not established that the forecast revenue deficiency for the applied-for 2016-17 test period is probable and material or necessary to ensure YECL's financial integrity or the continued safe operation of its system;
- B. Interim refundable rates do not promote rate stability and are not just and reasonable to both utility and consumers. A single rate adjustment related to a test year is a more stable and sensible approach;
- C. There is no way to guarantee that those who pay the interim rates will be the consumers who will be refunded. For example, those consumers who leave the franchise area prior to the finalization of rates would not be refunded; and
- D. Ratepayers have not been provided 90 days' notice of any change in rates being charged by YECL.

In its reply to UCG's comments, YECL stated that the materials provided in the Application comprehensively explain and support the revenue requirements for 2016-17 and the respective revenue shortfalls that YECL would experience without a Rider R adjustment. With respect to UCG's concern about notice, YECL submitted that the requested interim refundable adjustment is not a final rate and therefore is not subject to the 90-day notice requirements. YECL also pointed to section 63 of the Act which authorizes the Board to issue interim orders. In support of its interim rate application, YECL cited the Board's comments in Appendix A to Board Order 2013-05 and Appendix A to Board Order 2008-6. In

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<sup>1</sup> Application, page 13-1, lines 3 to 5.

summary, YECL stated that its interim rate request is consistent prior Board direction, promotes rate stability and is reasonable for both the utility and consumers.

### **1.1 Findings of the Board**

The Board observes that the interim rates are applied on an interim refundable basis. The Board is not persuaded by the submissions of UCG in support of its position to deny the request for interim rates for the following reasons.

The Board considers it important that the interim rates will only be collected for approximately half of the applied-for revenue requirement increase for 2016. Contrary to UCG's views, the Board finds that, until the merits of the Application are determined, these interim refundable rates promote rate stability. The Board considers that granting half of the applied-for revenue requirement increase for 2016 results in interim rates that are just and reasonable to both the utility and consumers. As a result, the Board finds that it is in the public interest to approve YECL interim refundable rates of 9.41 percent<sup>2</sup> for all electrical consumption on or after July 1, 2016.

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<sup>2</sup> Equal to half of YECL's applied-for 4.4-percent increase for 2016 to the currently approved Rider R amount of 7.20 percent.