

IN THE MATTER OF the *Public Utilities Act*

and

**An Application by Yukon Energy Corporation
for Approval of Revenue Requirements for 2017 and 2018**

BEFORE: R. Laking, Chair) January 31, 2018
 B. King, Vice-Chair)
 A. Fortin)
 M. Hannam)
 P. Fitzgerald)

BOARD ORDER 2018-02 - AMENDED

WHEREAS:

- A. On June 22, 2017, Yukon Energy Corporation (YEC) 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 forecast revenue requirements of \$48.544 million for 2017 and \$49.864 million for 2018 (GRA Application). In addition, in the Application, YEC is seeking approval:
- to revise Rider F to include pricing related to the delivered cost of LNG, effective January 1, 2017;
 - to revise the DCF Term Sheet regarding the determination of annual expected long-term average thermal generation requirements and fuel costs; and
 - of an interim refundable rate rider (Rider J) for 2017 of 20.05% for retail firm rates and 16.40% for industrial firm rates, which represents an increase of 9.04% for retail and industrial customers, effective September 1, 2017 (interim rate request);
- B. The Board issued Board Order 2017-04 on July 4, 2017, in which the Board provided notice of the Application and set out a process schedule for the GRA Application. In that schedule, interested persons had until July 21, 2017 to register for this proceeding and to provide comments on YEC's proposed interim rate request. YEC was granted the opportunity to reply to those comments by July 28, 2017;
- C. On July 27, 2017, the Board issued Board Order 2017-05, which granted intervener status to:
- ATCO Electric Yukon;
 - City of Whitehorse;

Utilities Consumers' Group (UCG);
Yukon Conservation Society; and
John Maissan;

- D. On August 21, 2017, the Board issued Board Order 2017-06 approving an interim refundable rate rider (Rider J) for 2017 of 16.51% for retail firm rates and 12.86% for industrial firm rates, which represents an increase of 5.5% for retail and industrial customers for all electrical consumption on or after September 1, 2017;
- E. In accordance with the process schedule, the Board and interveners submitted Information Requests (IRs) to YEC on August 25, 2017. YEC filed IR responses on September 22, 2017, in accordance with the process schedule;
- F. On September 12, 2017, the Court of Appeal of Yukon released a judgment on an appeal by Yukon Energy Corporation related to certain aspects of Board Order 2015-06 (appeal judgment). That judgment set aside the order of the Yukon Utilities Board (Board) related to the issues of the Diesel Contingency Fund (DCF) and the wholesale rates provision in Section 7 of Rate Policy Directive, OIC 1995/90. The Court remitted the matter back to the Board with directions "...to set a wholesale rate that enables Yukon Energy to recover all of its diesel generation costs, which costs include any net DCF payment made by Yukon Energy attributable to Yukon Electrical's above-forecast wholesale purchases of electricity."¹;
- G. The Board issued a letter on September 22, 2017 requesting comments from parties by no later than September 28, 2017 on the process that should be established to address the appeal judgment and the scope of the issues that need to be addressed with respect to giving effect to the Court of Appeal's directions to the Board. The Board also sought comments on the following specific issues with respect to the current YEC Application:
- (1) Is there any effect of the judgment on the current GRA, the DCF mechanism contained in the current GRA, and the Energy Reconciliation Adjustment mechanism?
 - (2) How should the Board proceed with respect to the GRA — for example, if amendments to the application are required, and any effects on the current oral hearing schedule from November 28 to 30, 2017?
 - (3) Any comments parties may have regarding the impact of the judgment on the use of long-term averages for forecasting hydro generation;

¹ Yukon Energy Corporation v. Yukon (Utilities Board) 2017 YKCA 15, Paragraph 71.

- H. On September 28, 2017, UCG filed a notice of motion with the Board, requesting a ruling on further and better IR responses from YEC. In the motion, UCG provided its arguments in support of the motion and identified 18 IRs that it considered have not been fully responded to by YEC. On October 3, 2017, John Maissan also filed a notice of motion, requesting the Board direct YEC to provide complete IR responses. Mr. Maissan provided arguments in support of the request and identified seven IRs that he considered needed more complete answers. On October 4, 2017, the Board asked for comments from the parties on these motions. Given the motions and the process for the appeal judgment, the Board determined that a revised process schedule for the application was needed, which it would issue in due course;
- I. Based on the comments received from the parties with respect to giving effect to the appeal judgment, the Board issued Board Order 2017-08 on October 18, 2018, in which the Board ordered that:
1. YEC is to file a separate two-part application to comply with the direction from the Yukon Court of Appeal and the further directions of the Board within 30 days of the issuance of the order from the Yukon Court of Appeal. The first part of the application is to address 2012 Energy Reconciliation Adjustment (ERA) issues. The second part of the application is to address how YEC proposes to address Diesel Contingency Fund (DCF), ERA, wholesale rates, and long-term hydro generation for the period 2017 forward;
 2. Effective January 1, 2017, YEC is to continue to treat the DCF as a placeholder to be adjusted upon final determination of the Board in the separate application to be established in response to the Yukon Court of Appeal decision;
 3. YEC is to provide an alternative GRA forecast, using a short-term hydro-electric forecast for the test period in question and any consequential changes to the thermal generation forecast, removing any DCF references in that alternative forecast and filing the alternative forecast within 60 days of the issuance of this order; and
 4. The GRA process schedule established in Order 2017-04 and revised by the October 4, 2017 letter from the Board to all parties is suspended and the process schedule will be revised as outlined in Appendix A to this Order.
- J. On November 15, 2017, the Board issued Board Order 2017-09, in which the Board ruled on the UCG motion and the John Maissan motion for better and further IR responses;
- K. On December 6, 2017, in response to Board Order 2017-08, YEC filed a letter and a two-part application regarding the ERA. Part 1 of the two-part application responded to the Board's direction to YEC to provide evidence as to how the 2012 ERA amount of \$439,000 was derived and whether or not

YEC views that there should be any adjustments to the 2012 amount. Part 2 of the two-part application responded to the Board's other directions, which are noted above. In addition, in its letter of December 6, 2017, YEC argued that the contingency fund mechanism needed to be determined concurrent with the current GRA Application process review of hydro forecasts. It contended that separating and deferring review of the Part 2 application from the current GRA Application process raised procedural concerns. YEC requested that the Board consider its Part 2 application either prior to the current GRA Application process or as part of the current GRA Application proceeding, given it addresses the period 2017 and forward. YEC also stated that in Appendix 2.4 to Part 2 of the two-part application it provided a description of the actual YECSIM model and a copy of the YECSIM Model User Manual relating to the constraints, processes and operational rules of this model for testing and assessment. It stated that YEC "...welcomes the opportunity to review any further access to the model and its results that would assist the Board and interveners, including potential workshop or other discussion process for review of its specific use (inputs and outputs) for the 2017-18 GRA forecasts and the updated DCF Term Sheet Table 3.4-1 (GRA Appendix 3.4)."²;

- L. On December 15, 2017, the Board requested comments from parties as to whether the Part 1 application proceeding should be a separate written proceeding. It also stated that a written process would involve information requests, information responses, argument and reply. The Board also sought comments on the timing of and any needed steps for the written process schedule, such as intervener evidence. With respect to the Part 2 application, the Board sought comments on the YEC proposals. It also sought comments on the timing of information requests and information replies arising from the Part 2 application including the YECSIM model, if the Board were to consider the Part 2 application as part of the current GRA Application proceeding. Interveners were to file comments by January 16, 2018 and YEC was to file reply comments by January 23, 2018;
- M. In response to the Board's December 15, 2017 letter, comments were received from UCG, the City of Whitehorse, and ATCO Electric Yukon on January 16, 2018. YEC replied to these comments on January 19, 2018; and
- N. The Board has considered the comments from the parties, all of whom were in agreement with a separate written process as described by the Board, for the Part 1 application. The Board has issued Board Order 2018-01 for that written proceeding. With respect to the process for the Part 2 application including the testing of the YECSIM model, the Board notes that the parties were in agreement that the Part 2 application should be considered as part of the current GRA Application proceeding. Given these submissions from the

² YEC letter dated December 6, 2017, page 6.

parties, the Board has decided to consider the Part 2 application as part of the current GRA Application proceeding. As a result, the Board issues the revised process schedule set out below.

NOW THEREFORE, the Board orders as follows:

Action	Date (2018)
YECSIM Workshop	February 12
Information Requests (IRs) on ERA Part 2 Filing and YECSIM Model and other new information	March 14
YEC Responses to IR Responses	March 28
Intervener Evidence	April 11
IRs on Intervener Evidence	April 18
IR Responses	May 2
YEC Rebuttal Evidence	May 16
Oral Hearing (High Country Inn)	June 5-7
Written Argument	June 22
Written Reply	July 6

DATED at the City of Whitehorse, Yukon, this 31st day of January 2018.

BY ORDER



Robert Laking
Chair