

# **ATCO Electric**

## **YUKON**

July 26, 2017

Ms. Deana Lemke  
Executive Assistant  
Yukon Utilities Board  
P.O. Box 31728  
Whitehorse, Yukon Y1A 6L3

Dear Ms. Lemke:

**Re: The Yukon Electrical Company Limited o/a ATCO Electric Yukon  
2016 Annual Filing**

In accordance with Sections 25 and 84 of the Public Utilities Act, please find attached the following information:

- a. Utility Income and Rate of Return
- b. Computation of Net Rate Base
- c. Schedule of Allowance for Working Capital
- d. Reconciliation of Utility Income to Net Earnings
- e. Analysis of Depreciation Reserve
- f. Cost of Capital Calculation
- g. Property, Plant and Equipment
- h. List of Officers and Directors
- i. Statutory Declaration
- j. 2016 Audited Financial Statements

If you have any questions, please contact the undersigned at (780) 420-5432.

Yours truly,

***Original Signed By:***

Corinne Severson  
Director, Regulatory  
Encl.

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**UTILITY INCOME AND RATE OF RETURN**  
**For The Year Ended December 31, 2016**  
**(\$000s)**

Revenue		59,025
	Less: Non-Utility Revenue	-
		59,025
		59,025
Costs and Expenses		47,250
Less:	Non Allowables	85
	Non-Utility O&M	-
	Non Utility Income Taxes	(28)
		57
Add:	Depreciation	5,835
	Income Taxes	(119)
	Amortization of Contribution for Extensions	(1,499)
	Amortization of Deferred Costs	335
		4,552
		4,552
UTILITY EXPENSE		51,745
UTILITY INCOME		7,280
NET RATE BASE		98,513
RATE OF RETURN		7.39%

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**COMPUTATION OF NET RATE BASE**  
**For The Year Ended December 31, 2016**  
**(\$000s)**

PROPERTY PLANT AND EQUIPMENT		
	BALANCE AT DECEMBER 31, 2016	220,440
Add:	Regulatory Assets	(189)
Less:	Accumulated Depreciation	82,737
	Construction Work-in-Progress	4,266
		<u>87,004</u>
	NET BALANCE AT YEAR END	133,248
Add:	Previous Year's Balance	126,923
	TOTAL	<u>260,171</u>
	MID-YEAR BALANCE	130,085
Add:	Allowance for Working Capital	3,105
Less:	Mid-Year Contribution for Extensions	35,101
Add:	Mid-year Deferred Charges/Credits	424
		<u>98,513</u>
	NET RATE BASE	<u>98,513</u>

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**SCHEDULE OF ALLOWANCE FOR WORKING CAPITAL**  
**For The Year Ended December 31, 2016**  
**(\$000s)**

Operations and Maintenance	46,985
Add: Other Taxes	266
Less: Non-Allowables and Non-Utility O&M	85
Net O&M	<u>47,166</u>
O&M Lag Days	4
<b>Operating Expenses Working Capital</b>	<u><u>537</u></u>
Tax installments	-
Income Tax Installment Lag Days	22
<b>Tax Installments Working Capital</b>	<u><u>-</u></u>
Income taxes receivable (payable)	-
Tax Receivable Lag Days	204
<b>Taxes Payable Working Capital</b>	<u><u>-</u></u>
<b>Inventory (Three year average)</b>	<u><u>2,175</u></u>
<b>GST Impact on working capital</b>	<u><u>134</u></u>
Return - Long Term Debt	3,183
Combined Long Term Debt Lag Days	(52)
<b>Long Term Debt Working Capital</b>	<u><u>(453)</u></u>
Return - 50% of Common Equity	2,049
Dividend Lag Days	(4)
<b>Common Equity (Dividend) Working Capital</b>	<u><u>(22)</u></u>
Return - 50% of Common Equity	2,049
Depreciation Lag Days	42
<b>Common Equity (Retained Earnings) Working Capital</b>	<u><u>236</u></u>
Net Depreciation	4,336
Depreciation Lag Days	42
<b>Depreciation Working Capital</b>	<u><u>499</u></u>
<b>TOTAL WORKING CAPITAL</b>	<u><u><u>3,105</u></u></u>

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**RECONCILIATION OF UTILITY INCOME TO NET EARNINGS**  
**For The Year Ended December 31, 2016**  
**(\$000s)**

UTILITY INCOME	7,280
Add: Non-Utility Income:	
Allowance for Funds Used During Construction	171
Short Term Interest from Parent	107
MDL Fair Value Adjustment	43
Non-Regulated Revenues	-
	<hr/> 321
Sub-Total	7,601
Less: Non-Utility Expenses:	
Interest to Parent	3,166
Non Regulated Expenses	34
Other Interest	8
Non Allowables	85
	<hr/> 4,308
Sub-Total	4,308
Add: Income Tax Adjustment:	
Income Tax Adjustments	977
NET EARNINGS	<hr/> <hr/> 5,286

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**ANALYSIS OF DEPRECIATION RESERVE**  
**For The Year Ended December 31, 2016**  
**(\$000s)**

BALANCE - DECEMBER 31, 2015		77,828
Add:	Depreciation - Operating Expense	5,835
	Depreciation - Other	141
		<u>83,804</u>
Less:	Retirements	844
	Other	223
		<u>82,737</u>
BALANCE - DECEMBER 31, 2016		<u>82,737</u>

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**COST OF CAPITAL CALCULATION**  
**For The Year Ended December 31, 2016**  
 (%)

	<u>CAPITAL RATIO</u>	<u>COST</u>	<u>RETURN COMPONENT</u>
LONG TERM DEBT	59.45	5.44	3.23
PREFERRED SHARES	-	-	-
COMMON SHARES AND RETAINED EARNINGS	39.85	10.44	4.16
NO COST CAPITAL	0.70		
	<u>100.0</u>		<u>7.39</u>

**THE YUKON ELECTRICAL COMPANY LIMITED  
(O/A ATCO ELECTRIC YUKON)  
PROPERTY, PLANT & EQUIPMENT - DECEMBER 31, 2016**

Function	Minor Account	Minor Description	Sub Category	Subcategory Description	01-Jan-16	Net Additions	Retirements	31-Dec-16
Corporate	48000	Land	48000	Land	321,569	-	-	321,569
	48200	Buildings and Structures	48100	Land Rights	14,231	-	-	14,231
	48200	Buildings and Structures	48200	Buildings and Structures	5,029,470	61,719	-	5,091,189
	48300	Office Furniture	48300	Office Furniture	235,955	20,682	-	256,637
	48320	Computer Equipment	48320	Computer Equipment	138,208	30,901	-	169,109
	48401	Vehicles Category 1	48410	Cars	43,805	-	-	43,805
	48401	Vehicles Category 1	48420	Light Trucks and Pole Trailers	335,004	-	(61,189)	273,815
	48401	Vehicles Category 1	48430	Pole Trailers > 10,000 lbs	181,782	-	-	181,782
	48401	Vehicles Category 1	48440	3/4 to 2 Ton Trucks	2,045,739	-	(96,996)	1,948,744
	48401	Vehicles Category 1	48450	Trucks > 2 Tons < 3 Tons	271,539	-	(36,296)	235,243
	48401	Vehicles Category 1	48460	Pole Cats	183,604	-	(43,202)	140,402
	48401	Vehicles Category 1	48470	Trucks > 3 Tons	1,197,641	409,104	(37,000)	1,569,745
	48401	Vehicles Category 1	48480	Tractors	188,256	-	(7,599)	180,657
	48401	Vehicles Category 1	48490	Foremosts (Oil Processing Units)	14,916	-	-	14,916
	48500	Loose Tools	48500	Loose Tools	1,147,175	152,909	-	1,300,084
	48600	Communication Equipment	48600	Communication Equipment	1,207,084	67,016	-	1,274,099
	48810	Houses Land	48810	Houses Land	-	-	-	-
	48820	Houses	48820	Houses	360,537	55,914	-	416,451
	49100	Franchise and Consent	49100	Franchise and Consent	1,493	-	-	1,493
	49300	Demand Side Management	49300	Demand Side Management	389,000	534,000	-	923,000
	49550	Fish Lake 25 Year Licence	49550	Fish Lake 25 Year Licence	2,312,647	-	-	2,312,647
	49602	Software - ATCOCIS	49602	Software - NEWCIS(ATCOCIS)	1,747,630	-	-	1,747,630
	49605	Software - Oracle	49605	Software - Oracle	344,386	-	-	344,386
	49628	Software - Oracle HRXcellence	49628	Software - Oracle HRXcellence	357,820	-	-	357,820
	49652	Software - Windows 7 Upgrade	49652	Software - Windows 7 Upgrade	111,224	-	-	111,224
	49798	Software - Website Upgrades	49798	Software - Website Upgrades	-	-	-	-
<b>Total for Corporate</b>					<b>18,180,715</b>	<b>1,332,244</b>	<b>(282,281)</b>	<b>19,230,678</b>
Distribution	47000	Land	47000	Land	23,373	-	-	23,373
	47100	Land Rights	47100	Land Rights	1,578,818	121,637	-	1,700,455
	47300	Poles and Fixtures	47300	Poles and Fixtures	41,418,865	1,333,887	(86,402)	42,666,350
	47400	Overhead Conductor	47400	Overhead Conductor	25,527,087	690,324	(10,578)	26,206,833
	47410	Overhead Services	47410	Overhead Services	3,168,666	154,851	-	3,323,517
	47500	Underground Conduit	47500	Underground Conduit	25,529,342	743,714	(45,012)	26,228,044
	47510	Underground Services	47510	Underground Services	3,258,140	364,602	-	3,622,741
	47610	Meters	47610	Meters	1,535,413	137,793	-	1,673,206
	47610	Meters	47620	Metering Equipment	945,647	8,784	(995)	953,435
	47630	AMR Meters	47612	AMR Meters	100,096	369	-	100,465
	47710	Distribution Substation	47710	Non-Fenced Distr Sub Equip	2,729,318	693	-	2,730,010
	47710	Distribution Substation	47711	Non-Fenced Distr Sub Transformers	303,188	3,190	-	306,378
	47710	Distribution Substation	47720	Distr Substation Buildings	477,067	-	-	477,067
	47710	Distribution Substation	47730	Distr Substation Fences	32,718	-	-	32,718
	47710	Distribution Substation	47740	Distr Fenced Substation Equip	597,094	-	-	597,094
	47710	Distribution Substation	47741	Distr Fenced Substation Transformers	736,626	-	-	736,626
	47810	Street Lights	47810	Street Lights	10,391,276	331,503	(53,206)	10,669,573
	47820	Sentinel Lights	47820	Sentinel Lights	284,738	-	-	284,738
	47910	Transformers	47910	Line Transformers	29,886,175	1,641,824	(215,405)	31,312,594
	47910	Transformers	47910INV	Inventory Reclass Transformers	824,747	(62,591)	-	762,156
<b>Total for Distribution</b>					<b>149,348,394</b>	<b>5,470,579</b>	<b>(411,598)</b>	<b>154,407,376</b>
Generation	42000	Hydro Land	42000	Hydro Land	20,912	-	-	20,912
	42500	Hydro Equipment	42200	Hydro Structures	2,298,924	2,061,612	-	4,360,535
	42500	Hydro Equipment	42300	Hydro Resv, Dams & Waterways	3,751,678	417,014	-	4,168,691
	42500	Hydro Equipment	42500	Hydro Generators	3,384,513	583,563	-	3,968,076
	42500	Hydro Equipment	42600	Hydro Accessory Electrical Equip	151,242	-	-	151,242
	42500	Hydro Equipment	42700	Hydro Misc Equip	68,087	-	-	68,087
	44000	Int Combust Land	44000	Int Combust Land	7,130	-	-	7,130
	44200	Int Combust Structures	44200	Int Combust Structures	5,656,734	335,330	-	5,992,064
	44400	Int Combust Fuel Holders	44400	Int Combust Fuel Holders	3,138,140	-	(13,457)	3,124,683
	44500	Int Combust Generators	44500	Int Combust Generators	11,952,001	2,094,324	(55,963)	13,990,363
	44600	Int Combust Access Elect Equip	44600	Int Combust Access Elect Equip	4,351,536	82,101	(80,439)	4,353,198
	44700	Int Combust Misc Equip	44700	Int Combust Misc Equip	1,332,730	(297,426)	-	1,035,304
<b>Total for Generation</b>					<b>36,113,626</b>	<b>5,276,519</b>	<b>(149,859)</b>	<b>41,240,286</b>
Transmission	45000	Land	45000	Land	(37,868)	-	-	(37,868)
	45700	Transmission Substation	45710	Substation Misc Equip & Install	1,144,289	-	-	1,144,289
<b>Total for Transmission</b>					<b>1,106,421</b>	<b>-</b>	<b>-</b>	<b>1,106,421</b>
<b>Grand Total</b>					<b>204,749,156</b>	<b>12,079,342</b>	<b>(843,739)</b>	<b>215,984,760</b>



# THE YUKON ELECTRICAL COMPANY LIMITED

*(Jurisdiction: Yukon)*

## **DIRECTORS**

Dennis A. DeChamplain  
Loraine M. Charlton  
Siegfried W. Kiefer  
James W. Simpson  
Nancy C. Southern

## **OFFICERS**

Siegfried W. Kiefer	Chair
Wayne K. Stensby	President
Clinton G. Warkentin	Senior Financial Officer
Paul G. Goguen	Senior Vice President
Douglas F. Tenney	Vice President, Northern Development
Carol Gear	Secretary
Patricia A. Osoko	Assistant Secretary

June 1, 2017

## STATUTORY DECLARATION

IN THE MATTER OF A REPORT REQUIRED BY  
SECTION 84 OF THE YUKON PUBLIC UTILITIES ACT  
BY C.G. WARKENTIN, SENIOR FINANCIAL OFFICER,  
AND D.F. TENNEY, VICE PRESIDENT, NORTHERN DEVELOPMENT,  
OF  
THE YUKON ELECTRICAL COMPANY LIMITED O/A ATCO ELECTRIC YUKON  
(the "Corporation")  
(in thousands of dollars)

WE SOLEMNLY DECLARE THAT:

1. For 2016, the Net Rate Base for the Corporation was \$98,513.
2. As of December 31, 2016, the total capitalization of the Corporation was \$106,909 with a mid-year weighted average cost of 7.39%.
3. The revenues for the Corporation for the period from January 1, 2016 to December 31, 2016 were as follows:

Retail Sales	\$ 57,785
Sales to Other Utilities	25
Other Revenue	<u>1,215</u>
TOTAL	<u>\$ 59,025</u>

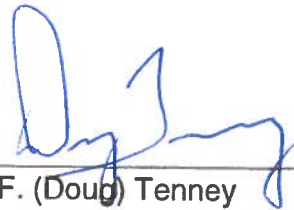
4. Dividends paid by the Corporation for the period January 1, 2016 to December 31, 2016 were nil.
5. The operating and maintenance costs of the Corporation for the period from January 1, 2016 to December 31, 2016 were \$11,393.


6. The Corporation estimates the following costs for new works, extensions and improvements during the current year:

Distribution Projects	\$ 8,940
General Property & Equipment	1,002
Generating Plants	<u>2,529</u>
TOTAL	<u>\$ 12,471</u>

WE MAKE THIS SOLEMN DECLARATION CONSCIENTIOUSLY BELIEVING IT TO BE TRUE AND KNOWING THAT IT IS OF THE SAME FORCE AND EFFECT AS IF MADE UNDER OATH.


Severally declared before me )  
at the City of Edmonton )  
in the Province of Alberta )  
this 24<sup>th</sup> day of July, 2017. )

  
\_\_\_\_\_  
D. F. (Doug) Tenney

  
\_\_\_\_\_  
TRACY H. DAVIDSON  
NOTARY PUBLIC  
MY APPOINTMENT EXPIRES DEC. 31, 2017

Severally declared before me )  
at the City of Calgary )  
in the Province of Alberta )  
this 24<sup>th</sup> day of July, 2017. )

  
\_\_\_\_\_  
C.G. (Clint) Warkentin

  
\_\_\_\_\_  
PATRICIA A. OSOKO  
Barrister & Solicitor  
Notary Public In and For  
the Province of Alberta