

# **ATCO Electric**

## **YUKON**

April 30, 2018

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  
2017 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. 2017 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, 2017**  
**(\$000s)**

Revenue		65,246
Less: Non-Utility Revenue		-
UTILITY REVENUE		65,246
Costs and Expenses		51,805
Less: Non Allowables		79
Non-Utility O&M		-
Non Utility Income Taxes		(49)
		30
Add: Depreciation		6,115
Income Taxes		137
Amortization of Contribution for Extensions		(1,525)
Amortization of Deferred Costs		335
		5,062
UTILITY EXPENSE		56,837
UTILITY INCOME		8,409
NET RATE BASE		102,734
RATE OF RETURN		8.18%

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**COMPUTATION OF NET RATE BASE**  
**For The Year Ended December 31, 2017**  
**(\$000s)**

PROPERTY PLANT AND EQUIPMENT		
BALANCE AT DECEMBER 31, 2017		229,182
Add:	Regulatory Assets	25
Less:	Accumulated Depreciation	87,514
	Construction Work-in-Progress	6,140
		<u>93,654</u>
NET BALANCE AT YEAR END		135,553
Add:	Previous Year's Balance	133,248
TOTAL		<u>268,800</u>
MID-YEAR BALANCE		134,400
Add:	Allowance for Working Capital	3,281
Less:	Mid-Year Contribution for Extensions	35,312
Add:	Mid-year Deferred Charges/Credits	365
NET RATE BASE		<u>102,734</u>

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**SCHEDULE OF ALLOWANCE FOR WORKING CAPITAL**  
**For The Year Ended December 31, 2017**  
**(\$000s)**

Operations and Maintenance	51,552
Add: Other Taxes	253
Less: Non-Allowables and Non-Utility O&M	79
Net O&M	<u>51,726</u>
O&M Lag Days	4
<b>Operating Expenses Working Capital</b>	<u>589</u>
Tax installments	-
Income Tax Installment Lag Days	22
<b>Tax Installments Working Capital</b>	<u>-</u>
Income taxes receivable (payable)	-
Tax Receivable Lag Days	204
<b>Taxes Payable Working Capital</b>	<u>-</u>
<b>Inventory (Three year average)</b>	<u>2,215</u>
<b>GST Impact on working capital</b>	<u>131</u>
Return - Long Term Debt	3,190
Combined Long Term Debt Lag Days	(52)
<b>Long Term Debt Working Capital</b>	<u>(454)</u>
Return - 50% of Common Equity	2,609
Dividend Lag Days	(4)
<b>Common Equity (Dividend) Working Capital</b>	<u>(29)</u>
Return - 50% of Common Equity	2,609
Depreciation Lag Days	42
<b>Common Equity (Retained Earnings) Working Capital</b>	<u>300</u>
Net Depreciation	4,590
Depreciation Lag Days	42
<b>Depreciation Working Capital</b>	<u>528</u>
<b>TOTAL WORKING CAPITAL</b>	<u>3,281</u>

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**RECONCILIATION OF UTILITY INCOME TO NET EARNINGS**  
**For The Year Ended December 31, 2017**  
**(\$000s)**

UTILITY INCOME	8,409
Add: Non-Utility Income:	
Allowance for Funds Used During Construction	304
Short Term Interest from Parent	101
MDL Fair Value Adjustment	(41)
Non-Regulated Revenues	-
	<hr/> 363
Sub-Total	8,771
Less: Non-Utility Expenses:	
Interest to Parent	3,411
Non Regulated Expenses	38
Other Interest	5
Non Allowables	79
	<hr/> 5,239
Sub-Total	5,239
Add: Income Tax Adjustment:	
Income Tax Adjustments	49
NET EARNINGS	<hr/> <hr/> 5,288

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**ANALYSIS OF DEPRECIATION RESERVE**  
**For The Year Ended December 31, 2017**  
**(\$000s)**

BALANCE - DECEMBER 31, 2016		82,737
Add:	Depreciation - Operating Expense	6,115
	Depreciation - Other	156
		<u>89,008</u>
Less:	Retirements	1,311
	Other	183
		<u>87,514</u>
BALANCE - DECEMBER 31, 2017		<u>87,514</u>

**THE YUKON ELECTRICAL COMPANY LIMITED**  
**(O/A ATCO ELECTRIC YUKON)**  
**COST OF CAPITAL CALCULATION**  
**For The Year Ended December 31, 2017**  
 (%)

	<u>CAPITAL RATIO</u>	<u>COST</u>	<u>RETURN COMPONENT</u>
LONG TERM DEBT	59.41	5.23	3.10
PREFERRED SHARES	-	-	-
COMMON SHARES AND RETAINED EARNINGS	39.91	12.73	5.08
NO COST CAPITAL	0.68		
	<u>100.0</u>		<u>8.18</u>

**THE YUKON ELECTRICAL COMPANY LIMITED  
(O/A ATCO ELECTRIC YUKON)  
PROPERTY, PLANT & EQUIPMENT - DECEMBER 31, 2017**

Function	Minor Account	Minor Description	Sub Category	Subcategory Description	01-Jan-17	Net Additions	Retirements	31-Dec-17
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	5,091,189	66,085	-	5,157,274
	48300	Office Furniture	48300	Office Furniture	256,637	10,788	(16,290)	251,135
	48320	Computer Equipment	48320	Computer Equipment	169,109	14,623	(44,046)	139,686
	48401	Vehicles Category 1	48410	Cars	43,805	-	-	43,805
	48401	Vehicles Category 1	48420	Light Trucks and Pole Trailers	273,815	108,248	(30,185)	351,878
	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	1,948,744	-	(96,098)	1,852,646
	48401	Vehicles Category 1	48450	Trucks > 2 Tons < 3 Tons	235,243	-	-	235,243
	48401	Vehicles Category 1	48460	Pole Cats	140,402	-	-	140,402
	48401	Vehicles Category 1	48470	Trucks > 3 Tons	1,569,745	353,570	-	1,923,315
	48401	Vehicles Category 1	48480	Tractors	180,657	-	-	180,657
	48401	Vehicles Category 1	48490	Foremosts (Oil Processing Units)	14,916	-	-	14,916
	48500	Loose Tools	48500	Loose Tools	1,300,084	162,282	(64,298)	1,398,068
	48600	Communication Equipment	48600	Communication Equipment	1,274,099	132,217	-	1,406,317
	48810	Houses Land	48810	Houses Land	-	-	-	-
	48820	Houses	48820	Houses	416,451	31,907	-	448,358
	49100	Franchise and Consent	49100	Franchise and Consent	1,493	-	(1,493)	-
	49300	Demand Side Management	49300	Demand Side Management	923,000	-	-	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	-	(235,498)	108,888
	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>19,230,678</b>	<b>879,720</b>	<b>(487,908)</b>	<b>19,622,489</b>
Distribution	47000	Land	47000	Land	23,373	-	-	23,373
	47100	Land Rights	47100	Land Rights	1,700,455	73,577	-	1,774,032
	47300	Poles and Fixtures	47300	Poles and Fixtures	42,666,350	1,387,725	(24,220)	44,029,855
	47400	Overhead Conductor	47400	Overhead Conductor	26,206,833	588,152	(1,974)	26,793,012
	47410	Overhead Services	47410	Overhead Services	3,323,517	281,323	-	3,604,841
	47500	Underground Conduit	47500	Underground Conduit	26,228,044	1,041,110	(27,184)	27,241,971
	47510	Underground Services	47510	Underground Services	3,622,741	240,332	-	3,863,074
	47610	Meters	47610	Meters	1,673,206	133,169	-	1,806,375
	47610	Meters	47620	Metering Equipment	953,435	10,834	-	964,269
	47630	AMR Meters	47612	AMR Meters	100,465	-	-	100,465
	47710	Distribution Substation	47710	Non-Fenced Distr Sub Equip	2,730,010	-	-	2,730,010
	47710	Distribution Substation	47711	Non-Fenced Distr Sub Transformers	306,378	-	-	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	10,669,573	434,509	(30,324)	11,073,758
	47820	Sentinel Lights	47820	Sentinel Lights	284,738	-	(109)	284,629
	47910	Transformers	47910	Line Transformers	31,312,594	1,317,466	(19,222)	32,610,839
	47910	Transformers	47910INV	Inventory Reclass Transformers	762,156	158,326	-	920,482
<b>Total for Distribution</b>					<b>154,407,376</b>	<b>5,666,525</b>	<b>(103,033)</b>	<b>159,970,867</b>
Generation	42000	Hydro Land	42000	Hydro Land	20,912	-	-	20,912
	42500	Hydro Equipment	42200	Hydro Structures	4,360,535	(2,630,160)	-	1,730,376
	42500	Hydro Equipment	42300	Hydro Resv, Dams & Waterways	4,168,691	2,820,487	-	6,989,178
	42500	Hydro Equipment	42500	Hydro Generators	3,968,076	60,970	-	4,029,046
	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	5,992,064	2,633	-	5,994,697
	44400	Int Combust Fuel Holders	44400	Int Combust Fuel Holders	3,124,683	14,332	-	3,139,015
	44500	Int Combust Generators	44500	Int Combust Generators	13,990,363	1,526,427	(720,532)	14,796,258
	44600	Int Combust Access Elect Equip	44600	Int Combust Access Elect Equip	4,353,198	6,856	-	4,360,054
	44700	Int Combust Misc Equip	44700	Int Combust Misc Equip	1,035,304	45,643	-	1,080,947
<b>Total for Generation</b>					<b>41,240,286</b>	<b>1,847,188</b>	<b>(720,532)</b>	<b>42,366,942</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>215,984,760</b>	<b>8,393,432</b>	<b>(1,311,473)</b>	<b>223,066,719</b>



**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 2017, the Net Rate Base for the Corporation was \$102,734.
2. As of December 31, 2017, the total capitalization of the Corporation was \$110,924 with a mid-year weighted average cost of 8.18%.
3. The revenues for the Corporation for the period from January 1, 2017 to December 31, 2017 were as follows:

Retail Sales	\$ 63,942
Sales to Other Utilities	23
Other Revenue	<u>1,281</u>
TOTAL	<u>\$ 65,246</u>

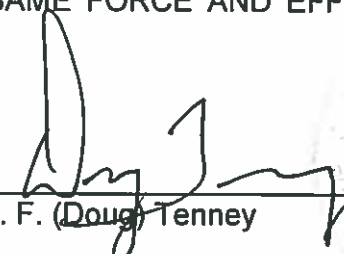
4. Dividends paid by the Corporation for the period January 1, 2017 to December 31, 2017 were \$3,750.
5. The operating and maintenance costs of the Corporation for the period from January 1, 2017 to December 31, 2017 were \$12,144.


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

Distribution Projects	\$ 9,710
General Property & Equipment	883
Generating Plants	<u>4,433</u>
TOTAL	<u>\$ 15,026</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 27<sup>th</sup> day of April, 2018. )

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

  
\_\_\_\_\_

Rumdeep Kaur Basra  
Barrister & Solicitor

Severally declared before me )  
at the City of Calgary )  
in the Province of Alberta )  
this 27<sup>th</sup> day of April, 2018. )

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

  
\_\_\_\_\_

Rumdeep Kaur Basra  
Barrister & Solicitor

**The Yukon Electrical Company Limited DBA ATCO Electric Yukon**

#100, 1100 – First Avenue

Whitehorse, YT

Y1A 3T4

Directors:

Dennis A. DeChamplain

Loraine M. Charlton

Siegfried W. Kiefer

James W. Simpson

Nancy C. Southern

Officers:

Siegfried W. Kiefer.....Chair & Chief Operating Officer

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 Osoko.....Assistant Secretary

Description of Business:

ATCO Electric Yukon delivers electricity to residential and commercial customers in Yukon.