

**YUKON UTILITIES BOARD  
2018-19 ANNUAL REPORT**

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### THE BOARD

The Yukon Utilities Board was established pursuant to the *Public Utilities Act*, Revised Statutes, 1986. c. 143, as amended. Section 2 of the Act defines the Board as comprised of not less than three and not more than five members. Section 4 provides for the appointment of a substitute member to act in the absence of a member of the Board. The Chair, Vice-Chair and members are appointed by the Minister of Justice for terms of three years. Members can also be appointed to serve subsequent terms, at the discretion of the Minister of Justice.

The Board office is located at Unit 19, 1114 Front Street (second floor of the Horwood's Mall) in Whitehorse, Yukon. Our mailing address is:

Yukon Utilities Board  
Box 31728  
Whitehorse, Yukon Y1A 6L3

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The Board retains independent legal advisors and qualified technical consultants, and it contracts with a part-time Executive Secretary.

The Board regulates two electrical utilities in Yukon, the Yukon Energy Corporation (YEC) owned by the Government of Yukon, and the privately owned ATCO Electric Yukon. The Board carries out such other functions as are required by the *Public Utilities Act* and as directed by the Minister of Justice as ordered through the territorial government's Orders-in-Council.

Under Section 52 of the *Public Utilities Act*, and following the principles of natural justice, the Board may, with respect to an inquiry:

- exercise the exclusive jurisdiction and authority to determine any question of fact, law or mixed fact or law required to be decided;
- receive such evidence or other information as it considers appropriate, whether or not such evidence is given under oath or affirmation, and whether or not it would be admissible in a court of law;
- exercise the powers, privileges, and immunities of a Board of Inquiry under the *Public Utilities Act*;
- determine the persons to whom notice of any proceedings shall be given; and
- determine its own procedures.

Board Orders are reviewable by the Yukon Court of Appeal.

The Board's authority includes carrying out investigations and reviews at the request of the Minister of Justice pursuant to the *Public Utilities Act*, namely Regulation of Public Utilities (Part II) and the regulation of Energy Projects (Part III). The Board is also empowered to investigate complaints and initiate investigations it deems necessary in the interest of ratepayers generally (Part IV).

Funding for public hearings can only be authorized by the Minister of Justice.

## **MEMBERSHIP**

Board membership during the reporting period consisted of:

Chair	Robert Laking
Vice-Chair	Bonnie King
Member	André Fortin
Member	Phillip Fitzgerald
Member	Meagan Hannam

## **BOARD SUPPORT**

Board Support during this reporting period was provided by:

Executive Secretary      Deana Lemke, Beyond Words Business Services Inc.  
Whitehorse, Yukon

Technical Support      Alberta Utilities Commission

Regulatory Legal Support      Alberta Utilities Commission

## **THE YEAR IN REVIEW**

### **BOARD MEETINGS**

Various Board meetings are held each fiscal year – either in person or electronically. The frequency of meetings is dependent on the workload of the Board during any given year. The Chair or Vice-Chair and two other members constitute a quorum of the Board for decision-making purposes.

### **CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITIES TRIBUNALS (CAMPUT)**

The Yukon Utilities Board continues to be an active member of the Canadian Association of Members of Public Utilities Tribunals (CAMPUT). The Board relies on CAMPUT and the Alberta Utilities Commission to be the primary provider of Board member training.

Chair Bob Laking and Vice-Chair Bonnie King attended the CAMPUT Annual Conference in Toronto, ON from May 9 to 11, 2018. The conference focused on how regulators, utilities, and consumers can best prepare for the many challenges that face the industry, including: emerging technologies; striking the right balance in the relationship between regulators and government; new regulatory approaches; and the role of public participation in the hearing process.

Chair Bob Laking attended the CAMPUT conference and AGM in Iqaluit, NU from August 19 to 22, 2018. The theme of the conference was Staying Ahead of the Curve: The Challenge of Accelerating Change. Key presentations included: Striking the right balance – the relationship between regulators and government; Future Proofing; Aboriginal Consultation and Accommodation – Getting It Right; De-carbonization – How is it impacting the natural gas and electricity sectors?; Public Engagement in the Hearing Process; and Intervenors – What they bring to the process and how do they think the hearing process can be improved.

## **PROCEEDINGS**

The Board was involved in the following proceedings during this fiscal year:

### **Yukon Energy Corporation General Rate Application**

After consulting with YEC and interested parties, on February 20, 2018, the Board issued a revised process schedule for YEC's 2017-18 GRA, filed on June 22, 2017. The change in the process schedule was required due to a September 12, 2017 Court of Appeal of Yukon decision that had potential implication for this proceeding, and these implications were considered prior to proceeding with the GRA. See more highlights in the 2017-18 Annual Report of the Board.

Once a decision was made on how to move forward, the Board issued a proceeding schedule, carrying over the proceeding to the current fiscal year. An oral hearing was held June 26-28, 2018. The Board closed the record for this proceeding on August 23, 2018.

The Board considered the extensive evidence and the written argument and reply argument of the parties respecting the Application and issued the proceeding decision on December 27, 2018. YEC's revenue requirement for 2017 and 2018 was approved. YEC was directed to provide a new Low Water Reserve Account to replace the Diesel Contingency Fund. YEC was ordered to submit a compliance filing to the Board within 60 days of the issuance of this Order. YEC submitted a compliance filing on February 25, 2019, and a process schedule was issued by the Board on March 18, 2019 setting the date for receiving reply argument to May 1, 2019, which carried this proceeding over into the following fiscal year.

On March 15, 2019, YEC filed an application for Review and Variance (R&V application) of Board Order 2018-10. In its R&V application, YEC requested that the Board review its decision with respect to the merits of its demand-side management programs and associated costs. YEC alleged the Board erred in law with regard to its findings on DSM by failing to determine YEC's rate base in accordance with the requirements of section 32 of the *Public Utilities Act*, failing to consider YEC's evidence in relation to YEC's DSM costs, and taking into account irrelevant considerations in concluding that the DSM costs were imprudently incurred. On March 26, 2019, the Board requested comments from parties to the proceeding and it later afforded YEC an opportunity to respond to any comments filed. This matter was carried over into the following fiscal year.

### **Yukon Energy Corporation Energy Reconciliation Adjustment proceeding**

On October 18, 2017, the Board directed YEC 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. The first part of the application was to address 2012 Energy Reconciliation Adjustment (ERA) issues. The second part of the application was to address how YEC proposes to address Diesel Contingency

Fund (DCF), ERA, wholesale rates, and long-term hydro generation for the period 2017 forward. Effective January 1, 2017, YEC was directed 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. YEC was directed to provide an alternative GRA forecast. The process schedule was suspended to accommodate for this direction. A process schedule was established on January 29, 2018, for a written proceeding to deal with the ERA matter (Part 1 of YEC's 2017-18 General Rate Application).

On May 4, 2018, the Board issued Board Order 2018-05. In that Order, the Board approved the ERA as submitted by YEC for the years 2012 to 2016 as final. The Board also approved the amended rate 42 schedule as submitted by YEC. On October 30, 2018, the cost awards were finalized and approved.

### **Yukon Energy Corporation – Victoria Gold Corporation Power Purchase Agreement Application**

Yukon Energy Corporation (YEC) filed an application to approve a power purchase agreement (PPA) between YEC and Victoria Gold Corporation (VGC). The PPA included provisions for VGC to develop and own a 69-kV transmission line from the McQuesten substation to the Victoria Gold mine. The McQuesten substation would be jointly developed by VGC and YEC but would be owned and operated by YEC. VGC would be responsible for all capital costs related to the McQuesten substation development.

A written proceeding schedule was established. The Board issued a decision approving the PPA on March 6, 2018. This proceeding was carried over from the previous fiscal year. Cost awards were approved on August 3, 2018.

### **ATCO Electric Yukon Rider S (Purchase Power Flow Through Deferral Account) Application**

On June 19, 2018, ATCO Electric Yukon (AEY) submitted an application to the Board to recover Purchase Power Flow Through Deferral Account (PPFTDA) costs (Application). AEY proposed that a Rider S bill adjustment to all retail and industrial customers be utilized to collect the PPFTDA costs of \$501,000 that arose from YEC's ERA charges that were approved in Board Order 2018-05. AEY requested that the Rider S bill adjustment commence August 1, 2018 and continue to July 31, 2019. Rider S is proposed to be set as an energy charge at a rate of \$0.0011 per kW.h. AEY stated that future adjustment to Rider S could occur if YEC received approval for adjustments to the wholesale rate or an ERA charge, or if AEY, after reviewing its deferral account balance, found that an adjustment was required. To meet an August 1, 2018, implementation date for Rider S, AEY requested a decision from the Board by July 18, 2018. On July 17, 2018, the Board approved the applied-for rate of \$0.0011 per kW.h, for all consumption beginning August 1, 2018, and concluding July 31, 2019. AEY was directed to submit a report to the Board by August 31, 2019, detailing the

collections to date and showing any residual balance in its PPFTDA as a result of the collection of the approved Rider S.

**Yukon Energy Corporation Rider E (Diesel Contingency Fund) proceeding**

On January 28, 2019, Yukon Energy Corporation requested an amendment to Rider E, the Diesel Contingency Fund (DCF) Rider, to set Rider E to \$0.00/kWh, effective March 1, 2019. YEC submitted that the balance in the Low Water Reserve Fund (LWRF) was approximately \$6.709 million at the end of 2017. By the end of 2018, YEC estimated the balance in the LWRF to be less than \$3 million. YEC expected a further draw from the account due to low water conditions that were expected to occur in 2019. To date, balances for the LWRF for the years 2017 and 2018 had not been finalized or approved by the Board. These final balances were to be determined in the YEC 2017-18 GRA Compliance Filing that were currently before the Board. On March 27, 2019, the Board directed YEC to set Rider E to \$0.00/MWh beginning April 1, 2019.

**For more information on the above-noted proceedings, please refer to the original submissions and Board Orders located on the Board’s website:**

<http://yukonutilitiesboard.yk.ca/proceedings/>

**BOARD ORDERS**

Below is a summary of Board Orders approved by the Board during this reporting period. All Board Orders can be viewed on the Board’s website at

<http://yukonutilitiesboard.yk.ca/policy/board-orders/>

<b>Order No.</b>	<b>Date</b>	<b>Order</b>
<b>2018-05</b>	<b>May 4, 2018</b>	YEC ERA proceeding decision
<b>2018-06</b>	<b>June 22, 2018</b>	AEY Rider S proceeding process
<b>2018-07</b>	<b>July 17, 2018</b>	AEY Rider S proceeding decision
<b>2018-08</b>	<b>August 3, 2018</b>	YEC Victoria Gold PPA proceeding cost awards
<b>2018-09</b>	<b>October 30, 2018</b>	YEC ERA (Part 1 GRA) proceeding cost awards
<b>2018-10</b>	<b>December 27, 2018</b>	YEC GRA proceeding decision
<b>2019-01</b>	<b>March 18, 2019</b>	YEC GRA compliance filing process
<b>2019-02</b>	<b>March 27, 2019</b>	YEC Rider E (DCF) proceeding decision