

April 30, 2019

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

Dear Ms. Lemke:

Re: ATCO Electric Yukon 2018 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. Statutory Declaration
- i. List of Officers and Directors
- j. Audited Financial Statements
- k. Key Performance Indicators

If you have any questions, please contact me at (780) 420-5449 or chris.cullingham@atco.com.

Yours truly,

Chris Cullingham
Manager, Regulatory

**THE YUKON ELECTRICAL COMPANY LIMITED
(O/A ATCO ELECTRIC YUKON)
UTILITY INCOME AND RATE OF RETURN
For The Year Ended December 31, 2018
(\$000s)**

Revenue		67,516
Less: Non-Utility Revenue		-
UTILITY REVENUE		67,516
Costs and Expenses		53,190
Less: Non Allowables		57
Non-Utility O&M		-
Non Utility Income Taxes		(15)
		42
Add: Depreciation		6,293
Income Taxes		787
Amortization of Contribution for Extensions		(1,537)
Amortization of Deferred Costs		335
		5,877
UTILITY EXPENSE		59,026
UTILITY INCOME		8,490
NET RATE BASE		105,377
RATE OF RETURN		8.06%

THE YUKON ELECTRICAL COMPANY LIMITED
(O/A ATCO ELECTRIC YUKON)
COMPUTATION OF NET RATE BASE
For The Year Ended December 31, 2018
(\$000s)

PROPERTY PLANT AND EQUIPMENT		
BALANCE AT DECEMBER 31, 2018		237,589
Add:	Regulatory Assets	205
Less:	Accumulated Depreciation	92,687
	Construction Work-in-Progress	4,393
		<u>97,081</u>
NET BALANCE AT YEAR END		140,713
Add:	Previous Year's Balance	135,553
TOTAL		<u>276,266</u>
MID-YEAR BALANCE		138,133
Add:	Allowance for Working Capital	3,482
Less:	Mid-Year Contribution for Extensions	36,488
Add:	Mid-year Deferred Charges/Credits	249
		<u>105,377</u>
NET RATE BASE		<u>105,377</u>

THE YUKON ELECTRICAL COMPANY LIMITED
(O/A ATCO ELECTRIC YUKON)
SCHEDULE OF ALLOWANCE FOR WORKING CAPITAL
For The Year Ended December 31, 2018
(\$000s)

Operations and Maintenance	52,927
Add: Other Taxes	264
Less: Non-Allowables and Non-Utility O&M	57
Net O&M	<u>53,134</u>
O&M Lag Days	4
Operating Expenses Working Capital	<u>605</u>
Tax installments	-
Income Tax Installment Lag Days	22
Tax Installments Working Capital	<u>-</u>
Income taxes receivable (payable)	-
Tax Receivable Lag Days	204
Taxes Payable Working Capital	<u>-</u>
Inventory (Three year average)	<u>2,386</u>
GST Impact on working capital	<u>124</u>
Return - Long Term Debt	3,198
Combined Long Term Debt Lag Days	(52)
Long Term Debt Working Capital	<u>(456)</u>
Return - 50% of Common Equity	2,646
Dividend Lag Days	(4)
Common Equity (Dividend) Working Capital	<u>(29)</u>
Return - 50% of Common Equity	2,646
Depreciation Lag Days	42
Common Equity (Retained Earnings) Working Capital	<u>304</u>
Net Depreciation	4,756
Depreciation Lag Days	42
Depreciation Working Capital	<u>547</u>
TOTAL WORKING CAPITAL	<u>3,482</u>

THE YUKON ELECTRICAL COMPANY LIMITED
(O/A ATCO ELECTRIC YUKON)
RECONCILIATION OF UTILITY INCOME TO NET EARNINGS
For The Year Ended December 31, 2018
(\$000s)

UTILITY INCOME	8,490
Add: Non-Utility Income:	
Allowance for Funds Used During Construction	302
Short Term Interest from Parent	146
MDL Fair Value Adjustment	(79)
Non-Regulated Revenues	-
	<hr/> 369
Sub-Total	8,859
Less: Non-Utility Expenses:	
Interest to Parent	3,410
Non Regulated Expenses	-
Other Interest	13
Non Allowables	57
	<hr/> 5,380
Sub-Total	5,380
Add: Income Tax Adjustment:	
Income Tax Adjustments	15
NET EARNINGS	<hr/> <hr/> 5,395

THE YUKON ELECTRICAL COMPANY LIMITED
(O/A ATCO ELECTRIC YUKON)
ANALYSIS OF DEPRECIATION RESERVE
For The Year Ended December 31, 2018
(\$000s)

BALANCE - DECEMBER 31, 2017		87,514
Add:	Depreciation - Operating Expense	6,293
	Depreciation - Other	144
		<u>93,951</u>
Less:	Retirements	825
	Other	440
		<u>92,687</u>
BALANCE - DECEMBER 31, 2018		<u>92,687</u>

THE YUKON ELECTRICAL COMPANY LIMITED
(O/A ATCO ELECTRIC YUKON)
COST OF CAPITAL CALCULATION
For The Year Ended December 31, 2018
 (%)

	<u>CAPITAL RATIO</u>	<u>COST</u>	<u>RETURN COMPONENT</u>
LONG TERM DEBT	59.57	5.09	3.04
PREFERRED SHARES	-	-	-
COMMON SHARES AND RETAINED EARNINGS	39.73	12.64	5.02
NO COST CAPITAL	0.69		
	<u>100.0</u>		<u>8.06</u>

**THE YUKON ELECTRICAL COMPANY LIMITED
(O/A ATCO ELECTRIC YUKON)
PROPERTY, PLANT & EQUIPMENT - DECEMBER 31, 2018**

Function	Minor Account	Minor Description	User Defined Description	01-Jan-18	Net Additions	Retirements	31-Dec-18
Corporate	38900	LAND	DEFAULT	321,569	(21,230)	-	300,338
	39000	STRUCTURES AND IMPROVEMENTS	DEFAULT	5,171,505	49,111	-	5,220,616
	39100	OFFICE FURNITURE AND EQUIPMENT	DEFAULT	251,135	1,496	-	252,631
	39110	COMPUTER HARDWARE & VOICE AND DATA NETWORK EQUIPMENT	DEFAULT	139,686	10,524	(2,385)	147,825
	39230	TRANSPORTATION EQUIPMENT, FLEET VEHICLES CATEGORY 3	DEFAULT	2,539,463	-	(279,048)	2,260,415
	39220	TRANSPORTATION EQUIPMENT, FLEET VEHICLES CATEGORY 2	DEFAULT	2,204,524	172,905	-	2,377,429
	39240	TRANSPORTATION EQUIPMENT, FLEET VEHICLES CATEGORY 4	DEFAULT	180,657	-	-	180,657
	39400	TOOLS, SHOP, GARAGE, STORES AND LABORATORY EQUIPMENT	DEFAULT	1,398,068	59,574	(87,464)	1,370,178
	36210	SYSTEM COMMUNICATION & CONTROL	SYSTEM COMMUNICATION & CONTROL - EQUIPMENT	1,406,317	25,162	-	1,431,479
	39001	STRUCTURES AND IMPROVEMENTS HOUSES	DEFAULT	448,358	-	-	448,358
	39122	COMPUTER SOFTWARE AND APPLICATIONS MAJOR (10 YR)	NEWCIS(ATCOCIS)	1,747,630	-	-	1,747,630
	39122	COMPUTER SOFTWARE AND APPLICATIONS MAJOR (10 YR)	ORACLE	108,888	-	-	108,888
	39122	COMPUTER SOFTWARE AND APPLICATIONS MAJOR (10 YR)	ORACLE HRXELLECE	357,820	-	-	357,820
	39122	COMPUTER SOFTWARE AND APPLICATIONS MAJOR (10 YR)	WINDOWS 7 UPGRADE	111,224	-	-	111,224
	39122	COMPUTER SOFTWARE AND APPLICATIONS MAJOR (10 YR)	DEFAULT	-	89,368	-	89,368
	30300	INTANGIBLE OTHER	FISH LAKE WATER LICENCE	2,312,647	-	-	2,312,647
	30300	INTANGIBLE OTHER	DEMAND SIDE MANAGEMENT	923,000	-	-	923,000
Total for Corporate				19,622,489	386,911	(368,897)	19,640,503
Distribution	36000	LAND	DEFAULT	23,373	-	-	23,373
	36010	LAND RIGHTS	DEFAULT	1,774,032	110,372	-	1,884,404
	36400	POLES, TOWERS AND FIXTURES	DEFAULT	44,029,855	1,737,126	(51,940)	45,715,041
	36500	OVERHEAD CONDUCTORS AND DEVICES	DEFAULT	26,793,012	818,732	(8,006)	27,603,738
	36510	OVERHEAD SERVICES	DEFAULT	3,604,841	373,687	(65,797)	3,912,731
	36700	UNDERGROUND CONDUCTOR AND DEVICES	DEFAULT	27,241,971	1,421,503	(1,675)	28,661,799
	36710	UNDERGROUND SERVICES	DEFAULT	3,863,074	301,417	(44,363)	4,120,128
	37000	CONVENTIONAL METERS	DEFAULT	1,806,375	81,391	(4,051)	1,883,715
	37000	CONVENTIONAL METERS	METERING EQUIPMENT	964,269	5,885	(2,950)	967,205
	37100	AUTOMATED METERS	DEFAULT	100,465	3,450	(346)	103,569
	36200	STATION EQUIPMENT	NON FENCED SUBSTATION EQUIPMENT	2,730,010	1,658,746	(15,280)	4,373,476
	36200	STATION EQUIPMENT	NON FENCED SUBSTATION TRANSFORMERS	306,378	114,826	-	421,205
	36200	STATION EQUIPMENT	SUBSTATION BUILDINGS	477,067	-	-	477,067
	36200	STATION EQUIPMENT	SUBSTATION FENCES	32,718	-	-	32,718
	36200	STATION EQUIPMENT	FENCED SUBSTATION EQUIPMENT	597,094	-	-	597,094
	36200	STATION EQUIPMENT	FENCED SUBSTATION TRANSFORMERS	736,626	-	-	736,626
	37300	STREET LIGHTS	DEFAULT	11,073,758	640,054	(68,212)	11,645,599
	37310	SENTINEL LIGHTS	DEFAULT	284,629	741	(812)	284,558
	36800	LINE TRANSFORMERS	DEFAULT	32,610,839	201,143	(80,325)	32,731,657
	36800	LINE TRANSFORMERS	INVENTORY RECLASS TRANSFORMERS	920,482	224,326	-	1,144,807
Total for Distribution				159,970,867	7,693,399	(343,757)	167,320,509
Generation	33000	LAND	DEFAULT	20,912	-	-	20,912
	33100	STRUCTURES AND IMPROVEMENTS	DEFAULT	1,730,376	213,997	-	1,944,373
	33200	RESERVOIRS, DAMS AND WATERWAYS	DEFAULT	6,989,178	747,732	-	7,736,911
	33300	WATER WHEELS, TURBINES AND GENERATORS	DEFAULT	4,029,046	362,959	-	4,392,006
	33400	ACCESSORY ELECTRIC EQUIPMENT	DEFAULT	151,242	-	-	151,242
	33500	MISCELLANEOUS POWER PLANT EQUIPMENT	DEFAULT	68,087	-	-	68,087
	34020	INT COMBUST LAND	DEFAULT	7,130	-	-	7,130
	34120	INT COMBUST STRUCTURES	DEFAULT	5,994,697	197,561	-	6,192,258
	34220	INT COMBUST FUEL HOLDERS, PRODUCERS AND ACCESSORIES	DEFAULT	3,139,015	146,788	(3,250)	3,282,554
	34320	INT COMBUST GENERATORS	DEFAULT	14,796,258	885,542	(95,104)	15,586,696
	34520	INT COMBUST ACCESSORY	DEFAULT	4,360,054	643,848	(13,504)	4,990,397
	34620	INT COMBUST MISCELLANEOUS	DEFAULT	1,080,947	(119,570)	-	961,376
Total for Generation				42,366,942	3,078,857	(111,857)	45,333,942
Transmission	35000	LAND	DEFAULT	(37,868)	-	-	(37,868)
	35300	STATION EQUIPMENT	STATION EQUIPMENT - MISC & INSTALLATION	1,144,289	-	-	1,144,289
Total for Transmission				1,106,421	-	-	1,106,421
Grand Total				223,066,719	11,159,167	(824,511)	233,401,375

STATUTORY DECLARATION

IN THE MATTER OF A REPORT REQUIRED BY
SECTION 84 OF THE YUKON PUBLIC UTILITIES ACT
BY B.P. SHKROBOT, 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 2018, the Net Rate Base for the Corporation was \$105,377.
2. As of December 31, 2018, the total capitalization of the Corporation was \$114,780 with a mid-year weighted average cost of 8.06%.
3. The revenues for the Corporation for the period from January 1, 2018 to December 31, 2018 were as follows:

Retail Sales	\$ 66,111
Sales to Other Utilities	23
Other Revenue	<u>1,382</u>
TOTAL	<u>\$ 67,516</u>

4. Dividends paid by the Corporation for the period January 1, 2018 to December 31, 2018 were \$4,200.
5. The operating and maintenance costs of the Corporation for the period from January 1, 2018 to December 31, 2018 were \$11,377.



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


Distribution Projects	\$ 9,570
General Property & Equipment	900
Generating Plants	<u>7,617</u>
TOTAL	<u>\$ 18,087</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 Calgary)
in the Province of Alberta)
this 26th day of April, 2019.)



D. F. (Doug) Tenney




RUMDEEP K. BASRA
Barrister & Solicitor
Notary Public
in and for the Province of Alberta
My Appointment expires at the Pleasure
of the Lieutenant Governor

Severally declared before me)
at the City of Calgary)
in the Province of Alberta)
this 26th day of April, 2019.)



B.P. (Brian) Shkrobot



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Barrister & Solicitor
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My Appointment expires at the Pleasure
of the Lieutenant Governor

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
Brian P. Shkrobot	Senior Financial Officer
Paul G. Goguen	Senior Vice President
Douglas F. Tenney	Vice President, Northern Development & Indigenous Relations
Carol Gear	Corporate Secretary
Rumdeep K. Basra	Assistant Corporate Secretary

Description of Business:

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