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August 13, 2013

VIA E-MAIL

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Mr. Bruce McLennan, Chair

**Re: Yukon Electrical Company Limited – 2013 - 2015 General Rates Application
YECL Responses to Information Requests**

Dear Mr. McLennan:

Our client, the Utilities Consumers' Group ("UCG") is in receipt of the responses to information requests submitted by Yukon Electrical Company Limited ("YECL") on August 8, 2013. In reviewing YECL's responses to 31 of UCG's 128 multi-part information requests, it is apparent that appropriate and adequate responses have not been provided in all cases. UCG submits that in order to complete a robust analysis of YECL's proposals, it is necessary to have the requested source documents and detailed calculations that underpin YECL's Application.

UCG respectfully requests that the Yukon Utilities Board ("YUB") consider and provide a ruling on the following, presumably after providing YECL some time to review our requests and provide further answers.

NOTICE OF MOTION

The Utilities Consumers' Group requests that the Board issue an Order to the effect that:

Yukon Electrical Company Limited shall be required to provide more complete responses to questions submitted by the Utilities Consumers' Group that YECL has not provided to the Board's satisfaction.

In support of this Notice of Motion, the Utilities Consumers' Group provides for consideration by the Board (and all other parties to the proceeding) the following facts, information, comments, opinions, arguments and questions:

- On August 8, 2013, Yukon Electrical Company Limited (YECL) submitted responses to 348 of the information requests submitted by parties related to its 2013-2015 General Rates Application.
- The general principle that proceedings before the Board should be transparent and open to the public requires that all relevant materials be available on the public record. The need for transparency is especially important where the material is directly relevant to setting rates and revenue requirement recovery policy for regulated monopolies such as YECL.

- The requested evidence is relevant to the consideration of the issues and unless the most compelling reasons can be advanced by YECL, an overarching public interest in disclosure should prevail.
- There has been no disclosure of any perceived harm from the disclosure of this information to the public record. YECL has not indicated that additional information related to the responses submitted on August 8, 2013 is forthcoming.
- The regulation of public utilities must be carried out in as transparent a process as possible. Only very exceptional circumstances should justify the exclusion from the public record of material that is used in rate-setting. UCG respectfully submits that YECL has not demonstrated exceptional circumstances.
- The information advances the YUB's responsibility to set just and reasonable rates
- With respect to specific responses to information requests, the UCG submits the following:

1. UCG-YECL-4

YECL indicates in its response that it does not have monthly revenue information for Yukon Energy and so cannot provide expected Rider R recoveries per month as requested. UCG is not clear how the lack of cooperation between the utilities to exchange information prevents YECL from at least providing monthly details of its own revenue recoveries.

The intent of the information request is to get a better understanding of the cumulative impact on ratepayers of the charges that are being levied by YECL and Yukon Energy Corporation and to verify the details of the forecasts provided by YECL. Because of the layered impact of rate riders, UCG suspects that the utilities will be recovering more from ratepayers than has been allowed by the YUB.

In its Order 2013-04, the Board approved the following for YEC:

- an ongoing Rider J at 11.01% for all non-industrial retail firm rates and 7.36% for industrial firm rates effective July 1, 2013, applicable to all YEC and YECL firm retail and industrial rates, including fixed Rider F and fixed monthly payments for major industrial rates. All YECL recoveries from this rider will flow through to YEC; and
- a time-limited Rider R of 3.62% to be in effect from July 1, 2013 to June 30, 2014, applicable to all YEC and YECL firm retail and industrial rates. All YECL recoveries from this rider will flow through to YEC.

In its Order 2013-05 (June 25, 2013), the Board approved an interim rate adjustment rider (Rider R) for YECL in the amount of 6.5% for all electrical consumption on or after July 1, 2013. In justifying this interim rate rider, YECL argued that by implementing the rate on July 1, 2013 would allow them to recover approximately 50% of its forecast revenue shortfall in 2013.

According to its Application (Schedule 12.1), YECL's 2013 non-fuel portion of its 2013 revenue shortfall is \$3,649,000. In response to UCG-YECL-4, YECL simply states that the expected recovery through Rider R for July to December 2013 is \$1,825,000.

While UCG is able to complete the calculation that 50% of \$3,649,000 is indeed \$1,825,000, the request was for details of all expected recoveries through Rider R by month for the period July 2013 through December 2014 so that a verification can be made on recoveries using forecast consumption.

Given the extensive use of rate riders by both utilities and the disjointed applications for rate adjustments, UCG submits that the impact on ratepayers is becoming more and more uncertain. UCG submits that the monthly details of recoveries through these rate riders is required in order to allow UCG to argue about the cumulative impacts on ratepayers and to verify that YECL's current forecast recoveries are not excessive.

UCG requests that YECL provide the requested response to UCG-YECL-4.

2. UCG-YECL-5

In response to UCG-YECL-5(b), YECL provides detailed calculations of the bills requested but has not included the taxes in the bottom line. In order to compare the changes in the total bills paid by Yukon ratepayers over this timeframe, UCG requested detailed calculations of the total bill "including all riders, rate relief, and taxes" which may or may not have been adjusted over this time.

In response to UCG-YECL-5(c), YECL indicates that "cross-subsidization between rate classes" is a rate impact mitigation method used in other jurisdictions but has not provided any indication of where this method has been used.

UCG submits that the Board and intervening parties can only form positions regarding YECL's positions if it has all the information available to YECL when making its decisions regarding this Application.

UCG requests that YECL provide the requested response to UCG-YECL-5(b) including taxes and to provide a more complete response to UCG-YECL-5(c).

3. UCG-YECL-9

In UCG-YECL-9(a), YECL was asked to provide the source documents for the monthly heating degree days provided in the Application. YECL provided a link to a Government of Canada web site that requests parameter inputs in order to access data. UCG requested the specific source documents used by YECL in its calculations not access to a moving data range.

UCG requests that YECL provide the requested response to UCG-YECL-9(a).

4. UCG-YECL-10

In UCG-YECL-10(b), YECL was asked explain how the requested industrial sales deferral account lessens the risk faced by it. YECL responded by addressing the risk it faces as compared to its 2008-2009 GRA. This was not the question.

UCG is trying to understand the overall impact that requested deferral accounts have on the risks faced by the utilities. UCG is looking for YECL's position on the impact that this deferral account has on the risks it might face in the test period.

UCG requests that YECL provide the requested response to UCG-YECL-10(b).

5. UCG-YECL-18

In UCG-YECL-18(a), YECL was asked to provide details of the source for its forecast diesel fuel prices but, in response, only referred to “actual February 2013 delivered fuel expense price from fuel suppliers”.

UCG is looking to not only verify the costs being imposed on ratepayers but also better understand how YECL is being charged by its suppliers. The information provided by YECL lacks any detail to allow for a comprehensive review of this important cost component.

In response to UCG-YECL-18(b), YECL appears to have updated its fuel costs for the test period but has not provided (i) details providing proof of these updated costs and (ii) the impact this has on its revenue requirement.

UCG requests that YECL provide a more complete and detailed response to UCG-YECL-18(a) and (b).

6. UCG-YECL-24

In UCG-YECL-24(a), YECL was asked to identify utilities comparable to YECL that have been allowed to include net salvage estimates within their current depreciation rates. In response, YECL simply provided a listing of electricity and natural gas distribution and transmission utilities. UCG submits that without identification of which of these utilities is comparable (and why they are comparable) to YECL, it is not possible to adequately determine whether YECL’s proposal concerning negative salvage is reasonable.

In UCG-YECL-24(b), UCG requested details of regulator decisions related to Gannett Fleming’s proposed provisions relating to the recovery of costs of removal. In response, YECL stated that “it would be difficult to provide details of the decision that first approved that treatment with a reasonable amount of effort and in the time allowed to respond to these information requests”. Given the extension granted to YECL to respond to information requests, UCG submits that it is unreasonable to simply not try to provide details of the relevant decisions to allow parties to understand the circumstances that apparently led to comparable utilities being allowed a negative salvage provision. Not providing the relevant information now will simply lead to a longer oral hearing and transcript undertakings.

UCG requests that YECL provide a more complete and detailed response to UCG-YECL-24(a) and (b).

7. UCG-YECL-30

In UCG-YECL-30(j), YECL was asked to provide details of the change in revenue requirement for 2013, 2014 and 2015 by keeping the equity ratio at 40% and allowing a return on equity of 8.75%. YECL simply provided overall reductions of revenue requirement rather than any detailed breakdown of the revenue requirement components they believed would be impacted under this scenario.

UCG requests that YECL provide a more complete and detailed response to UCG-YECL-30(j).

8. UCG-YECL-32

In UCG-YECL-32, YECL was asked to provide all related source documents for the updated table. YECL has not provided any of the source documents to allow parties to determine how valid the updated numbers are in the table.

UCG requests that YECL provide a more complete and detailed response to UCG-YECL-32.

9. UCG-YECL-98

In UCG-YECL-98(c), YECL was asked provide a copy of all materials and positions authored by YECL that have been contributed to the IPP consultation process. While YECL submitted that it had not authored formal positions, the response indicated that YECL had contributed information to the process. None of this information was provided as requested.

UCG requests that YECL provide a more complete and detailed response to UCG-YECL-98(c).

The above Notice of Motion and supporting arguments are respectfully submitted for the Board's review and consideration prior to the filing deadline for intervenor evidence.

If there are any questions concerning the contents of this submission, I would ask that they be directed to me by email at mjanigan@piac.ca or by phone at (613) 613-600-8762.

Yours truly,



Michael Janigan
Counsel for UCG

cc Yukon Electrical Company Limited – via email
Registered Intervenors – via email