

UTILITIES CONSUMERS' GROUP

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June 6, 2007

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Deane Lemke, Board Secretary

**Re: Yukon Energy Corporation Resource Plan and Power Purchase Agreement
- YEC Cost Claim**

Dear Deana:

The Utilities Consumers' Group is in receipt of Yukon Energy's cost claim that was submitted to the Board on May 31. UCG offers the following comments in accordance with Board Hearing Cost Process dated Aug.30, 2006. UCG also requests the Board review our prior submission regarding YEC cost claim for the 20 Year Resource Plan, dated 17 February 2007.

UCG continues to maintain its position that legal counsel and consultants used by the utilities in any regulatory proceeding should be held to the same principles for costs award policy and rules of practice schedules as has been established for all parties of the proceeding.

Legal Counsel Fees

According to the Schedule 1, Scale of Costs attached to the Board's Rules of Practice, the maximum fee per hour paid for legal counsel to be recovered in a cost claim is \$225. The Board's policy regards this amount as fair and reasonable contribution by consumers.

According to YEC's cost claim, Davis & Company are requesting:

- \$281.88 per hour for preparation work
- \$315 per hour for attendance at the hearing
- \$275.05 per hour for argument, reply and follow-up; and
- \$327.36 per hour for time put into the amended PPA review.

UCG understands that the utility counsel can charge rates to the corporation above the maximum fee allowed in the rules, but for the purpose of recovery from the consumer, the scale of costs must be reflected as such.

Despite UCG's request on February 17, YEC has not provided a copy of the services agreement with Davis & Company and has declined to explain when each of the rates apply and why and to whom.

It is our understanding that overhead costs are to be covered by the hourly fees

charged. UCG requests that Davis & Company provide details of the \$771.22 in “miscellaneous supplies and services” that they have charged ratepayers. If these costs are overhead-related, they should not be recovered from ratepayers.

Consultant Fees – InterGroup Consultants

According to the covering letter of YEC’s cost claim, there were three individuals participating on behalf of InterGroup Consultants. UCG requests CVs of each of the individuals participating on behalf of InterGroup in order to understand the levels of experience of each of these individuals.

There has been no detail provided on how the fees charged reflect the time put in by each of these individuals. UCG’s calculations indicate that the “blended” fees charged by InterGroup were:

- \$92.88 per hour for preparation work
- \$122.55 per hour for attendance at the hearing
- \$109.60 per hour for argument, reply and follow-up; and
- \$107.27 per hour for time put into the amended PPA review

UCG requests that YEC submit a copy of the services agreement with InterGroup and details on how long InterGroup has been providing consultant services to YEC. UCG also requests an explanation on how the costs of InterGroup’s efforts compare to the costs of having a full time employee perform similar duties.

InterGroup has charged in total over 3124 (1604.25 prep & 473.5 argument for Resource Plan and 1061.5 total for PPA) hours in time which equates to over three hundred and ninety - 8 hour working days....over a years time of working days? UCG requests the dockets for this time as well as details of the fees charged by each of the three InterGroup consultants for this work.

According to YEC’s cost claim, InterGroup is claiming 173.5 hours for “attendance” which YEC indicates in its cover letter is for “the immediate pre-hearing period and the hearing itself, preparation of undertakings and review of transcripts”. UCG requests details of the time spent by each of the InterGroup consultants in each of these activities.

Consultant Fees – PowerGroup Associates

YEC has identified Dr. Roy Billinton as the consultant related to capacity planning. UCG requests that YEC provide dockets for the time charged by Dr. Billinton for preparation and attendance.

UCG also requests that YEC submit a copy of the services agreement with PowerGroup Associates.

Consultant Fees – Vancouver Computer Drafting Services

YEC has identified Mac Brodie as the electrical engineer consultant for the Resource Plan. He charged 82 hours for the preparation of the Resource Plan materials at \$200 per hour.

UCG requests a CV for Mr. Brodie as well as a docket for the time he has charged ratepayers. UCG would also like details of any other electrical engineer that was working on the Resource Plan.

YEC Disbursement Claim for Travel Expenses

UCG submits that the travel expenses claimed by the YEC appear to be excessive, given that the Board's Rules of Practice Scale of Costs attachment states: "that airfare is to be at economy or less, **to and from the hearing**, applicable only when attendance is required" and "accommodations **during hearings only** and excluding meals and other charges."

UCG requests YEC provide details of all travel expenses being charged to ratepayers, including number of trips, dates of travel, purpose of travel, and at what costs.

Should you have any questions, please do not hesitate to contact me.

Yours truly,

Roger Rondeau
President, Utilities Consumers' Group