

UTILITIES CONSUMERS' GROUP
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May 14, 2012

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Mr. Bruce McLennan, Chair

**Re: Utilities Consumers' Group (UCG) Notice of Intervention into the
Yukon Energy Corporation's General Rate Application April 27, 2012
and the Proposed Interim Rate Application**

Dear Mr. McLennan:

YEC 2012 General Rate Application

The UCG would like to register our intervention in the application filed by Yukon Energy for a 2012 General Rate Application (GRA) process.

The nature of our representation is to protect the interests of residential and small business consumers of electricity in the Yukon Territory. Of particular concern is that the result of this application will likely be another increase in the bills for residential and small business customers, which is already stressed for many low and set income earners.

It is interesting to note the spin placed by YEC in their web site page presenting the 2012 GRA, as well as was portrayed in the media, in that there has not been a retail rate increase since 1999. Electrical ratepayers in the Yukon are not so juvenile as to believe this assertion as they have experienced first hand regular increases in their electrical bill since this time through various rate riders and government edicts.

YEC's web further rationalizes that since the cost of living in the Yukon has gone up more than 20 per cent since the late 1990's, it is now time to raise our electrical rates as well. I can guarantee all interested parties that my electrical bill has gone up more than 20% in this same time span (and that is with more conserving and using modest amounts of electricity for our family).

YEC then proposes their reasons for their desired rate increases, but anyone in the know recognizes the real reasons; i.e. YEC needs more revenue to take care of all the new capital projects (including cost overruns) they have undertaken as well as to pay for all the increases in their O&M expenses, especially administration and consultants.

UCG's main focus will be on the two above issues and to demonstrate if Yukon Energy has managed our electrical system to the benefit of its' customers, i.e. that it has indeed become more productive, not just going to its ratepayers for more cash.

Our organization has intervened or submitted comments in most regulatory processes regarding Yukon Energy and Yukon Electric since 1993.

UCG intends to actively participate in all aspects of this proceeding; i.e. submitting IRs, written comments on all submissions, attending and cross-examination of panel at the hearing, written final arguments, etc.

Application for Interim Retail Rates in 2012

Yukon Energy proposes to implement overall interim rate adjustments of 6.4% for retail customers and 2.9% for industrial customers through a Rider J, effective July 1, 2012.

UCG submits that Yukon Energy should have placed in their order long before this if they wished to recover greater revenues for 2012. The concept of a general rate application is to go forward in test year times, not backwards. The utilities always reason that we cannot regulate using retroactive rate making principles, but then always use this concept when it is to their advantage.

Accordingly, UCG submits that YEC only be allowed to recover costs from the time moving forward into the test years when and if the Board decides on any rate changes. In other words, no interim rates. Any retroactive revenues, up to this time, requested to make up for the increased costs will not be allowed and thus be swallowed by the YEC for not submitting an application in time for due process.

Perhaps it is time for the Board to offer disincentives for these utilities to act in accordance with the *Public Utilities Act* (s. 28), i.e. July 1st will not be the necessary 90 day filing period.

UCG requests that Yukon Energy provide all the information to demonstrate that they have complied with the *PU Act*, including s.28 and all sub sections, before the Board makes any decision on interim rates.

General Comments

UCG expects to delegate a service agreement with consultant, Pat McMahon, and a legal with PIAC, likely Michael Buonaguro. Accordingly, we request an update on the Board's review of the Rules of Practice and Cost Awards Policy as our professionals would like to know where they stand on cost recovery process.

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

Yours truly,

Roger Rondeau
Utilities Consumers' Group

C.c. All interested parties