

**YUKON ENERGY CORPORATION
2012-2013 GENERAL RATE APPLICATION**

**Utilities Consumers' Group
Information Request No. 2**

1. *Reference:* Application Tables 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.15, Schedule 9 from CW-YEC-1-37(a) Attachment 1, Table 1 from UCG-YEC-1-21(b), Table 1 from UCG-YEC-1-22(b).

Request:

Please provide a single schedule that outlines forecast versus actual results for all components of revenue requirement and all sources of revenue (including all customer classes) for years included in the last GRA (2008 and 2009) as well as years since the last GRA (2010 and 2011). Please provide the level of detail outlined in the referenced tables. Please provide the data in Excel spreadsheet format.

2. *Reference:* YEC Backgrounder to Application and response to YUB-YEC-1-2
When explaining the need for this Application and increased rates, YEC states:

- *Demand from all sectors: the need for power by Yukon's mining industry is only part of the story. Increased residential, business and government consumption has also strained the power grid.*
- *Maintaining existing assets: the cost of keeping our aging infrastructure efficient and up-to-date has increased faster than energy rates. Yukon Energy's assets need substantial.*
- *Thirteen years of inflation: the costs of salaries, materials and services keep climbing.*
- *Funding tomorrow's energy: finding sufficient clean, affordable and reliable energy requires years of public and stakeholder consultation, research, engineering and project approval.*

Request:

- a. Please confirm that increased load growth has provided greater revenues to YEC. Please provide details of the additional revenues related to load growth for 2009 through 2012 to date.
- b. Please confirm that all load growth in 2009 through 2012 to date resulted in revenues that exceeded all incremental costs (not just generation-related costs). Please provide details of load growth and related revenues and costs.
- c. If revenues related to load growth did not exceed incremental costs, please explain why a utility would spend millions of dollars to provide increased power generation for new customers when the expenses will exceed the revenues?
- d. Please confirm whether the industrial rate covers all costs to serve industrial customers in 2012 and 2013. Please provide details of related costs and revenues.

3. *Reference:* Application Page 1-10, YUB-YEC-1-8(a) Revised Attachment 1 and YUB-YEC-1-14 YEC states:

- *Forecast labour expense requirements by the end of the test period are approximately \$2.5 million higher than that approved in 2009. This overall increase reflects a forecast 12.26 FTE increase in positions in 2013, down slightly from the approximately 13.05 FTE increase noted in 2011 compared to 2009 approved. Key areas of increase are President (2 FTE increase), Resource Planning and Environment (6 FTE increase), Finance, Customer Accounting & Purchasing (4.19 FTE increase), Operations (1.15 FTE increase) and Engineering (1 FTE increase).*
- *Over the period from 2009 approved to 2013 forecast there is also a similar \$2.7 million overall increase in non fuel & non labour O&M cost requirements (about \$1.3 million of this growth is expected in 2011 preliminary actuals). The largest areas of increase are in administration (\$1.341 million increase in 2013 forecast over 2009 approved) and production (\$0.639 million increase in 2013 forecast over 2009 approved).*

Request:

- a) Please provide a chart summarizing all administrative labour costs and union staff labour costs for 2009 through 2012 to date.
- b) Please provide a breakdown of positions, salaries, wages and benefits for all administrative and union staff positions for 2009 through 2012 actual to date and forecast (i.e., each individual administrative position compensation and each designated union personnel compensation and number in each department)
- c) Please provide details of all positions of all FTEs added in 2009 through 2012 referencing whether they are administrative or union.
- d) Please provide a chart with the annual costs of all FTEs added in 2009 through 2012.
- e) Please provide details of actual consultant costs incurred (i.e., a breakdown of the summary provided), contracts and services provided for 2009, 2010 and 2011 as well as forecast for 2012 and 2013.
- f) Please explain whether and how the additional FTEs have resulted in savings on consultant costs.

4. *Reference:* Response to CW-YEC-1-31

Yukon Energy has included a “placeholder” expense related to estimated costs for the current GRA (Phase I) Application.

Request:

Please provide details of the estimated costs related to the \$1.1 million placeholder amount including a breakdown of all forecasted consultant costs (including name of each consultant and work to be completed) as well as a breakdown of all forecasted internal costs and work details.

5. *Reference:* Response to YUB-YEC-1-46, Application Appendix 5.2, Application page 2-5 and Application Tables 5.5 – 5.7

YEC is looking to recover DSM-related costs of pilot projects despite the fact that audit recommendations have not been implemented and no peak-shaving benefits will be realized in the test years. There is limited explanation provided regarding the activities listed in attachment 1 of YUB-YEC-1-46(d) and it is impossible to guess what might be included under “YEC – Owner

Costs”, “DSM Reallocations” and “Phone & Cell” or even what these areas are about.

Request:

- a. Please provide a cost-benefit analysis and full description of all DSM-related activities undertaken in 2010, 2011 and forecast for the test years.
- b. Please explain why customers receiving energy audits are not paying for the cost of the audit since they will receive the benefits.
- c. Please identify the energy efficiency and conservation efforts that have already been undertaken by industrial customers.

6. *Reference:* Response to CW-YEC-1-21(b)

YEC indicates that the regulatory cost forecasts for 2012 and 2013 include \$1.074 million in 2012 and \$1.635 million in 2013 for DSM and that a material portion of DSM costs incurred to date, and expected to be incurred in the test years, relate to internal DSM within YEC.

Request:

For each of the projects related to “internal DSM within YEC”, please provide a detailed breakdown and explanation of each project, a cost-benefit analysis of each project, the targeted savings for each project, and details of feasibility analysis showing how these targeted savings will be achieved.

7. *Reference:* Response to CW-YEC-1-18 and CW-YEC-1-19

Request:

Please provide a detailed explanation on why any of the transmission and distribution costs shown on the charts in these IR responses increase above the annual inflation rate between 2011 and 2012 and between 2012 and 2013.

8. *Reference:* Application Tab 7, Schedule 11, Page 7

New YDC Loans are identified for 2011 (\$19.148 million), 2012 (\$41.421 million) and 2013 (\$50.111 million)

Request:

Please provide a detailed explanation of what each of these loans has / will be used for, the terms of these loans, and the costs to ratepayers of these loans in each of the test years.

9. *Reference:* Application Tab 5

Request:

- a. Please provide details of the YUB’s direction from regulatory reviews of any major capital project costing \$1 million or more.
- b. Please provide any correspondence or letters of concern from Champagne Aishihik FN or any interested party on the Gladstone Diversion project.
- c. Please provide any correspondence or letters of concern from Taku River Tlingit FN, Protect Atlin Lake Society or any interested party on the Atlin Lake Storage project.

- d. Please provide any correspondence or letters of concern from Marsh Lake Community or any interested party on the Marsh Lake Storage project.
- e. Please provide correspondence or letters of concern from Nacho Nyak Dun FN or any interested party on the Mayo Lake Enhanced Storage project.

10. *Reference:* Rate Schedule 39 Escalation Clause

Request:

- a. Please confirm that the annual escalation clause for demand and energy charges of the Firm Mine Rate (Rate 39) remains intact under OIC 2012/068 and any rate adjustments allowed as part of this current proceeding.
- b. Please confirm that any additional revenues from adjustments to industrial rates will benefit non-industrial ratepayers and explain how this will be accommodated.

11. *Reference:* Application page 3-17 and Response to YUB-YEC-1-6

The Reserve for Injuries and Damages account is maintained to address uninsured and uninsurable losses as well as the deductible portion of insured losses. The only alternative considered by YEC to applying the remaining balance in the Faro Dewatering Account against the outstanding balance of the Reserve for Injuries and Damages account was to include the RFID in rate base.

Request:

- a. Please provide details of the costs currently included in the RFID account and how these costs were incurred.
- b. Please identify the cost of purchasing additional insurance to cover some or all of the costs identified in the RFID account.

12. *Reference:* Application Tab 7, Schedule 5 and Schedule 10

According to its web site, YEC's "philosophy is to help make a difference in the communities where we live and work, and we take our responsibility seriously to be an active and good corporate citizen. As a public utility we annually give a portion of our net earnings back to Yukoners through donations and sponsorship to non-profit groups. Yukon Energy's Donations and Sponsorship Program is a significant source of assistance for many Yukon groups and is clearly improving the quality of community life. The program is also good business. It is part of the ongoing process of being open, accessible and recognized by Yukon ratepayers. Yukon Energy's Donations & Sponsorship Program provides financial support to registered non-profit groups in the following areas: Arts, culture, tourism / Sports and recreation / Health, social services and education.

Request:

- a. Please confirm that the \$85,000 proposed to be recovered from ratepayers in both 2012 and 2013 and that none of YEC's donations are recovered from other sources.
- b. Please confirm that tax benefits associated with these donations are reflected in the application's revenue requirement.
- c. Please provide details of where these donations will be made in 2012 and 2013.
- d. Please provide details of other jurisdictions where publicly-owned utilities are allowed to recover charitable donations from ratepayers as involuntary contributions to charity rather than

having these costs borne by the shareholders.

13. *Reference:* Application – Rate Riders

Request:

Does YEC intend to conduct a rate design review with YECL in order to determine what base rates would be without riders?

14. *Reference:* Application – Rate Riders, CW-YEC-1-37(a) Attachment 1

Request:

Please provide details of the revenue recoveries through Rider J by customer class since it was originally approved in Order 1998-5 as well as details of the costs that have been directed recovered through Rider J.

15. *Reference:* Application – Across-the-Board rate Adjustment

Request:

Please explain how the share of cost of service borne by non-industrial classes of customers will change as a result of rate adjustments applied in equal percentages across each class.

16. *Reference:* Response to UCG-YEC-1-17

YEC states that it has not assessed measures that the Yukon Government might adopt to bring in legislation or policy related to performance-based regulation.

Request:

Please explain why YEC has not initiated anything in response to the YUB's recommendation in its January 2007 report on the 20-Year Resource Plan.