

UTILITIES CONSUMERS' GROUP
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February 19, 2011

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Deana Lemke, Executive Secretary

**Re: Yukon Energy Corporation Application for Approval of Escalation of Rate Schedule 39
Demand and Energy Charges per OIC 2007/94
UCG Notice of Motion - Inadequate Responses to Information Requests**

Dear Ms. Lemke:

The Utilities Consumers' Group is in receipt of the responses to information requests submitted by Yukon Energy Corporation on February 14, 2011.

In reviewing YEC's responses to UCG's requests, it is apparent that appropriate and adequate responses have not been provided in all cases. The UCG respectfully requests that the Yukon Utilities Board consider and provide a ruling on the following, presumably after providing the applicant 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 Energy Corporation shall be required to provide adequate responses to questions submitted by the Utilities Consumers' Group that it 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 February 14, 2010, Yukon Energy Corporation (YEC) submitted responses to information requests related to its Application for Approval of Escalation of Rate Schedule 39 Demand and Energy Charges per OIC 2007/94.
- 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 revenue requirement and rates for a regulated monopoly such as YEC.

- The requested evidence is relevant to the consideration of the issues and unless the most compelling reasons can be advanced by YEC, 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.
- 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 YEC has not demonstrated exceptional circumstances.
- With respect to specific interrogatory responses, the UCG submits the following:

1. UCG-YEC-1-8

YEC failed to fully respond to parts (a) and (b) of this information request stating that “the information requested in (a) and (b) is outside the scope of this proceeding as determined in Order 2011 -2”.

In its Order 2011-02, the Board stated that “The Board finds that the scope of the proceeding is limited to the requested escalation of the Demand and Energy charges in Rate Schedule 39 because the application is focused only on this aspect of Rate 39. Also, the Board considered that Rate Schedule 39 was approved in Board Order 2008-13 and reviewed in the YEC 2008 General Rate Application and the 2009 Phase II Rate Application”.

In part (a), UCG requested details of the revenues deemed to be recovered from the industrial class related to demand and energy charges under the current Rate Schedule 39. UCG submits that if Rate Schedule 39 was considered in the YEC 2008 General Rate Application and the 2009 Phase II Rate Application, the requested details on revenues generated by Rate Schedule 39 should be readily available to YEC. UCG submits that the Board should understand the base revenues from which the utility is operating (i.e., the specific components of the YEC/YECL 2009 Consolidated Customer, Demand and Energy Forecast related to Rate Schedule 39) before developing an understanding of the impact of the applied-for rate adjustment that is not based on cost of service.

In part (b), UCG requested details of the actual revenues for 2009 and 2010 recovered from the industrial class related to demand and energy charges under the current Rate Schedule 39. Again, without this information, UCG submits that it would not be possible to determine the actual impact of the applied-for adjustment to Rate Schedule 39.

UCG requests that YEC provide the requested response to parts (a) and (b) of UCG-YEC-1-8.

2. UCG-YEC-1-10

YEC failed to respond to any parts of this information request stating that “*the information requested is outside the scope of this proceeding*”.

In this information request, UCG is looking for information related to the Base Load Energy rate provisions of Rate Schedule 39.

Base Load Energy amounts have a direct impact on the energy rate charged within Rate Schedule 39. While YEC has applied for an initial increase to Rate Schedule 39 demand and energy charges, UCG submits that it is unknown at this time whether the applied-for rate increase is adequate to cover the costs of diesel fuel generation to service use in excess of a Base Load Energy amount.

UCG submits that the incremental costs to provide service to Rate Schedule 39 customers must be determined before the Board can ensure that a fair rate has been established.

In response to YUB-YEC-1-2(f), YEC states that "*YEC can confirm that it is expecting to experience continuing and notable escalations in diesel generation fuel and operating costs as well as other costs, and that such escalations are expected to be well in excess of the incremental revenues as estimated in response to (a) above*". UCG submits that this is evidence that escalations in diesel fuel generation costs have already been happening and should be more thoroughly examined in light of applied-for adjustments to the demand and energy charges within Rate Schedule 39.

In response to YUB-YEC-1-3, YEC states that "*the resulting incremental revenues are expected to be less than YEC's ongoing incremental cost escalations*". UCG submits that these escalating costs are as a result of diesel generation being at the margin.

UCG submits that without the requested information, a determination cannot be made on whether the lack of 2009 rate adjustment and the applied-for 2010 rate adjustment are adequate to ensure that the energy charge with Rate Schedule 39 is being set at an appropriate level. While the applied-for rate adjustment is related to a cost adjustment not related to any cost of service determination, UCG submits that it would be inefficient if not all factors affecting Rate Schedule 39 energy charges are not reviewed in this proceeding.

UCG requests that YEC provide the requested response to all parts of UCG-YEC-1-10.

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

Should you have any questions on this submission, I would ask that they be directed to me by email at rondeau@northwestel.net.

Yours truly,

Roger Rondeau
Utilities Consumers' Group