

UTILITIES CONSUMERS' GROUP
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September 8, 2011

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Deana Lemke, Executive Secretary

**Re: Yukon Energy Corporation / Yukon Electrical Company Limited
Application for Approval of the Rider F — Fuel Adjustment Rider and Deferred Fuel
Price Variance Policy**

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 and Yukon Electrical Company Limited on September 6, 2011.

In reviewing the utilities' 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 and Yukon Electrical Company Limited shall be required to provide adequate responses to questions submitted by the Utilities Consumers' Group that the utilities have 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 September 6, 2011, Yukon Energy Corporation (YEC) and Yukon Electrical Company Limited (YECL) submitted responses to information requests related to its Application for Approval of the Rider F — Fuel Adjustment Rider and Deferred Fuel Price Variance Policy.
- 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 YEC and YECL.

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

1. UCG-YEC/YECL-1-2 (d) and (e)

YEC/YECL failed to fully respond to parts (d) and (e) of this information request stating that *“the requested information is beyond the scope of issues included in this filing and relates to issues better addressed as part of a revenue requirement review”*.

In its Order 2011-10, the Board determined that the review of the application would be a written process but did not put limitations on the issues to be debated as long as they were related to the exploration of issues identified in the application.

In part (d) of this information request, UCG requested details on the proportion fuel costs are of the total cost of providing electricity in 2009, 2010 and 2011 to date, using forecast and actual fuel prices. UCG submits that before the impact of any policy can be fully understood and established, the Board should understand the how big of an issue we are dealing with from an overall cost of electricity.

In part (e) of this information request, UCG requested details of the specific actions YEC and YECL have taken to acquire fuel and generate or purchase power or both so as to provide electricity to Yukon ratepayers at the lowest fuel cost reasonably possible in 2009, 2010 and 2011 to date. UCG submits that the proposed policy is only one component of an overall effort needed to control the costs of supplying electricity in the Yukon. UCG submits that the Board should consider the bigger picture before deciding on individual policies that the utilities prefer to review in isolation.

UCG requests that YEC and YECL provide the requested response to parts (d) and (e) of UCG-YEC/YECL-1-2.

2. UCG-YEC/YECL-1-3 (a), (b) and (c)

YEC/YECL failed to respond to parts (a), (b) and (c) of this information request stating that *“the current process is premised on specific issues relating to the administration of the deferred fuel price variance account, and the requested information is outside the scope of this current review process”*.

On page 1 of their application, the utilities refer to “the most recent GRA-approved fuel price” as the basis upon which amounts are recorded in the Deferral Fuel Price Variance Account (DFPVA). In part (a) of this information request, UCG is looking for confirmation and details of the amount for fuel expense that has been approved for recovery in rates approved by the YUB in order to have this base data included on the record of this proceeding.

The utilities submit (page 1 of the application) that the variance in fuel prices is applied to actual diesel fuel consumed (all fuel consumed) when calculating additions or deletions to the DFPVA. In part (b) of this information request, UCG is looking for the utilities to provide data for 2009, 2010 and 2011 to date comparing approved levels of fuel consumption by month at GRA-approved prices and actual fuel prices, and actual fuel consumption at GRA-approved prices and actual prices in order to understand and verify the details behind the amounts recorded in the DFPVA.

In part (c) of this information request, UCG is looking for an explanation of why the utilities are proposing the use of actual diesel fuel consumed in the fuel adjustment clause calculations rather than the fuel consumption levels approved by the YUB for recovery in rates in order to better understand the alternative methods for calculating variances in fuel expense. The utilities hold the data and UCG submits that this information should be added to the record of this proceeding in order to allow parties to better determine the impacts of the alternatives.

UCG submits that without the requested information, a determination cannot be made on the impacts of viable alternatives to the proposed Rider F policy.

UCG requests that YEC and YECL provide the requested response to all parts of UCG-YEC/YECL-1-3.

3. UCG-YEC/YECL-1-5

YEC/YECL failed to respond to this information request stating that “*the requested information is beyond the scope of issues included in this filing, and relates to issues appropriately addressed as part of a revenue requirement review*”.

In their application (page 4), the utilities state that the same rate applies per kWh for all sales regardless of rate block to all retail customers of both utilities. UCG is looking to understand how an across-the-board rate is justified by getting additional information on the cost drivers (i.e., the sources of generation used to supply base levels of kWh consumption for 2009 and 2010) and how this generation is dispatched to meet the demands of the various customer classes.

UCG requests that YEC and YECL provide the requested response to UCG-YEC/YECL-1-5.

4. UCG-YEC/YECL-1-11 (a)

YEC/YECL failed to respond to part (a) of this information request stating that “*the historical data requested from prior to the 1996/97 GRA is not readily available and goes beyond the scope of the current process*”.

The utilities implied in their application (page A-1) that the Rider F was set at 0.0 cents/kWh since there were no significant variances between fuel price implicit in rates and the actual fuel price. This indicates that there was a tolerance for the utilities to absorb some forecast risk rather than pass on costs (or savings) to ratepayers.

In this information request, UCG is looking for details of the difference in diesel fuel prices included in rates versus actual prices paid for the years during which the Rider F was set to 0.0 cents/kWh in order to understand what the tolerance has been by the utilities in the past to accept forecast risk and whether ratepayers have been treated fairly to this point.

UCG requests that YEC and YECL provide the requested response to UCG-YEC/YECL-1-11 (a).

5. UCG-YEC/YECL-1-12

YEC/YECL failed to respond to this information request stating that "*the requested information is outside the scope of the current proceeding*".

UCG is looking to better understand the contributions made by the industrial class towards fluctuating fuel costs in the Yukon. UCG has requested details of the Rider F calculations related to industrial customers for 2005, 2006, 2007, 2008, 2009 and 2010 showing all calculations including kWh, rider rate charged and accumulated monthly amounts collected.

UCG is looking to better understand how all customer classes are treated in a fair and equitable way in the area of revenue requirement recovery.

UCG requests that YEC and YECL provide the requested response to UCG-YEC/YECL-1-12.

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 rroudeau@northwestel.net.

Yours truly,

Roger Rondeau
Utilities Consumers' Group