



The Yukon Electrical Company Limited
An **ATCO** Company

June 18, 2014

Yukon Utilities Board
Box 31728
Whitehorse, YT Y1A6L3

Attention: Mr. Bruce McLennan
Board Chairman

Dear Mr. McLennan:

**Re: Response to Comments Regarding The Yukon Electrical Company Limited
("Yukon Electrical")'s 2013-2015 GRA Cost Claim**

Yukon Electrical would like to respond to the comments filed by the Utilities Consumers Group (the "UCG") on June 2, 2014 regarding Yukon Electrical's cost claim. The UCG was the only intervener to provide comments.

Overall, Yukon Electrical reiterates its position that the total amount of costs claimed for its 2013-2015 GRA (\$299,934.39) are very reasonable given the number and complexity of the issues addressed in the Application, and as compared to the amount approved by the Board for Yukon Energy for its 2012-2013 GRA (\$556,026.07). Yukon Electrical has provided 100 pages of explanation and back-up to support its cost claim filed on May 23, 2014. The comments by the UCG are essentially stating that this back-up is insufficient and, in part, seems to result from misunderstanding on the part of the UCG of how certain costs are treated.

Firstly, Yukon Electrical is unsure why the UCG has included GST in the amounts it claims should be disallowed, as it is clear from the cost claim filed by Yukon Electrical that no GST has been included in the amounts being claimed. All GST paid by Yukon Electrical was recovered through monthly GST returns filed with the Canada Revenue Agency and, as such, no GST is ever recovered from ratepayers through a Yukon Electrical cost claim.

Secondly, Yukon Electrical would like to make clear to the UCG how costs incurred by Yukon Electrical regarding the Application process that are not included in the cost claim, including amounts in excess of the Scale of Costs, are treated. These amounts are not included in Yukon Electrical's revenue requirement and are not recovered from ratepayers. In fact, this is further motivation for Yukon Electrical to ensure that the hours charged by consultants, as well the actual incidental costs incurred, are reasonable given that shareholders pay for the amounts not included in the cost claim.

The UCG makes numerous statements regarding the number of hours charged by the consultants utilized by Yukon Electrical in the proceeding, including Bennett Jones, ICF Marbek, and Gannett Fleming. Yukon Electrical would like to note that all are reputable firms that have been involved in regulatory proceedings before utility boards across Canada. The UCG's positions appear to indicate these service providers were inefficient in the work completed or, at worst, overbilling for hours not incurred. There is simply so



The Yukon Electrical Company Limited
An **ATCO** Company

evidence to support a conclusion that the number of hours charged was unreasonable or imprudent, and Yukon Electrical does not believe that this is the case. Yukon Electrical carefully reviews the hours billed to ensure that they are in line with the expected amounts and, if discrepancies occur, will follow up with the consultant. This is evidenced by the fact that Gannett Fleming charges were reduced after discussions with Yukon Electrical.

Regarding the use of junior staff by Bennett Jones (Mr. Gittens), ICF Marbek (Katlyn Brunskill, Vincent Dufresne) and Gannett Fleming (Hilary Carlucci, Garry Mah and Gilles Fournier), it would be inefficient and not cost effective to expect that the senior (and most expensive) staff from the firms employed by Yukon Electrical in this proceeding would do all of the work required. Junior staff were used to prepare analysis and research, under the direction of the senior staff, and at a lower rate which reduces the amount paid by ratepayers. Yukon Electrical submits this is a reasonable approach.

The UCG claims that costs related to witness preparation should not be recoverable. Witness preparation is a vital and important step in the process of preparing for a hearing, especially in the case of the current hearing as Yukon Electrical had several witnesses with no previous experience testifying before the YUB, and as a result of the long period since the last time Yukon Electrical appeared before the Board. Witness preparation ensures that witnesses are fully aware of the hearing process and what will be expected of them, and are ready to provide complete and helpful answers to the questions posed to them in order to make the hearing process as efficient and effective as possible. Witness preparation held remotely, either by telephone or videoconference, is not effective given that it is meant to simulate the actual hearing. As such, the UCG's claim that costs related to witness preparation should not be recoverable is neither reasonable nor practical.

Yukon Electrical would also like to note that the locations of the witness prep sessions held for the current hearing were chosen specifically to minimize the amount of travel required. In the case of the DSM panel witness preparation session held in Whitehorse, for which the UCG disputes the costs for both Bennett Jones and ICF Marbek, the witnesses for both Yukon Electrical and Yukon Energy were based in Whitehorse so having the two witnesses for ICF Marbek travel from Ottawa to Whitehorse and Ms. Sears travel from Calgary was the most efficient and cost effective method of ensuring that the DSM witness panel was prepared for the hearing.

Yukon Electrical also wishes to address the argument made by UCG that the travel costs for the Manager, Financial Reporting & Accounting to attend the hearing should not be claimable. This role provides regulatory and accounting support to both Yukon Electrical and the Northland Utilities companies in the Northwest Territories and, as such, is based in Edmonton. Yukon Electrical does not hire regulatory consultants to prepare its regulatory filings so the Manager, Financial Reporting & Accounting played a principal role in the preparation of the Application and the preparation of responses to IRs. As a result, this position was chosen as the most capable to provide support to witnesses in the hearing room, including tracking and responses to undertakings and subject to checks. Given that the hearing is not broadcast and that each day's transcripts were not available until late in the evening or early the next morning, it would be impossible to fill the role by telephone or e-mail as suggested by the UCG. As well, Yukon Electrical staff based in the Yukon are



The Yukon Electrical Company Limited
An **ATCO** Company

primarily operational in nature and, while they provided a large amount of input into the content of the Application, they do not have the familiarity with the Application and the regulatory knowledge to be the primary support for the witness panel, as suggested by the UCG.

If the Board should require further information to support Yukon Electrical's cost claim, Yukon Electrical would be pleased to provide.

Yours truly,

Original Signed By:

James Grattan, CA
Director, Regulatory