



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

June 21, 2013

Yukon Utilities Board
Box 31728
Whitehorse, YT, Y1A 6L3

Attention: Mr. Bruce McLennan
Board Chairman

Dear Sir:

RE: 2013-2015 General Rate Application
Response to Intervener Comments on Proposed Interim Rates

On May 27, 2013, Yukon Electrical filed its 2013-2015 General Rate Application with the Yukon Utilities Board. Included in the GRA Application was a request for approval to implement YECL Rate Adjustment Rider, Rider R, on an interim refundable basis, at 6.5% effective July 1, 2013 (applicable to consumption on and after July 1, 2013).

Board Order 2013-02, dated June 6, 2013, requested that interested parties submit their intent to participate in the GRA proceeding and provide comments on Yukon Electrical's request for interim refundable rates to the Board by June 20, 2013. A total of five interveners have submitted their intent to participate. Yukon Energy Corporation (YEC) and the Yukon Conservation Society did not provide comments on the request for interim refundable rates while Leading Edge Projects and the City of Whitehorse both expressed support for the proposed interim rates. The remaining registered intervener, the Utilities Consumers' Group (UCG), expressed a variety of concerns. Yukon Electrical provides the following response to the UCG's concerns.

At the outset, Yukon Electrical reiterates its submission in its Application that this Interim Rate Application essentially mirrors the approach taken by YEC in its 2012 Interim Rate Application and ultimately approved in Board Order 2012-5. The City of Whitehorse recognized this in its June 20, 2013 correspondence when it stated Yukon Electrical's interim rate application is reasonable and in accordance with past practice and Board Direction. While Yukon Electrical acknowledges that it filed its application one month later than YEC, Yukon Electrical submits that this delay was influenced by the need to understand and incorporate the effects of the May 10, 2013 BCUC Order G-75-13 on Generic Cost of Capital. Yukon Electrical submits that regulatory efficiency has been promoted by incorporating this recent precedent into its Application.

Yukon Electrical respectfully submits that it has provided a comprehensive GRA that explains and supports the revenue requirements for 2013, 2014 and 2015 and the respective revenue



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shortfalls that would be experienced if Yukon Electrical continued to collect revenue on existing rates. The GRA will be tested via the process established in Board Order 2013-02. Yukon Electrical notes that the approval of Interim Rates to recover one half of the requested 2013 shortfall is consistent with Board comments on previous Interim Rate Applications in which the Board has recognized that interim rates promote rate stability until the merits of a GRA can be fully tested. In addition, Yukon Electrical believes interim rates support the concept of rate gradualism.

Yukon Electrical has proposed that Rate Adjustment Rider, Rider R, be applied on an interim refundable basis meaning that a true-up of revenue collected in a particular test year by the rider will be reconciled against the final approved revenue shortfall. In other words, the interim rate rider revenue collected in a particular year will only be applied to the approved shortfall of that year to determine any further collections or refunds due from or to customers. That is, contrary to UCG's suggestion, Yukon Electrical has not proposed to, nor will it, recover 100% of its 2013 revenues shortfall through the proposed interim rates. Having Rider R continue to apply on an interim refundable basis into 2014 will only help to commence the collection of the 2014 revenue requirement shortfall. Revenue collected in 2014 will be reconciled against the approved 2014 revenue shortfall.

The UCG comments that the possible ending of the Yukon Interim Electrical Rebate (IER) after March 31, 2014 has not been considered in Yukon Electrical's interim rate increase and suggests that a more robust and comprehensive analysis of the impact be done before any adjustment to rates are done. With respect, Yukon Electrical submits that this issue is premature and is not relevant to the current issues before the Board in respect of Yukon Electrical's Application for interim refundable rates. The UCG will have an opportunity to present its position on this issue in the GRA as the process moves forward and more information on the IER becomes available.

In summary, Yukon Electrical submits that its interim rate application is consistent in all material respects to last year's YEC interim rate application applied for and approved by the Board as promoting rate stability and as being just and reasonable to both the utility and consumers. Further, Yukon Electrical submits that the concerns raised by the UCG are the same as those that it has previously raised and have been consistently rejected by the Board. Accordingly, Yukon Electrical respectfully requests that its Rate Adjustment Rider, Rider R be approved as filed.

Yours truly,

Original Signed by James Grattan

James Grattan, CA
Director, Regulatory