

UTILITIES CONSUMERS' GROUP
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May 4, 2018

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Mr. Robert Laking, Chair

**Re: Yukon Energy Corporation 2017-2018 GRA and Part II ERA Filing
UCG Information Requests – City of Whitehorse Evidence**

Dear Mr. Laking:

The Utilities Consumers' Group hereby submits its information requests to the City of Whitehorse pursuant to Board Order 2018-03.

UCG asks that the City of Whitehorse provide responses and attachments in word-searchable PDF and/or Word format. Where responses take the form of tables with underlying calculations, UCG asks that the City of Whitehorse provide the related Excel file as well.

If the Board or the City of Whitehorse requires any clarification with respect to UCG's IRs, please direct all inquiries to me by email at rondeau@northwestel.net or by phone at 633-5210.

Yours truly,

Roger Rondeau
Utilities Consumers' Group

YUKON ENERGY CORPORATION
2017-18 General Rate Application and Part II Energy Reconciliation Adjustment

City of Whitehorse Evidence

**Utilities Consumers' Group
Information Request**

- 1) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 4*
“In reviewing the proposed capital projects and deferred projects, YEC has provided a level of detail that is consistent with prior applications. The issue I have is that investment in utility assets commits the utility and its customers to increasing rates almost in perpetuity. As utility asset lives are in the 40 to 50 year range, any investment today will result in costs to customers for the life of the assets.”

Request:

- (a) Does Mr. Bell have an opinion on whether the information provided by YEC to justify its capital expenditures is comparable to what is required in other jurisdictions?
- (b) Please give examples of mechanisms or directions required by utilities in other jurisdictions regarding filing requirements to justify capital expenditures.

- 2) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 6*
“YEC then refers to Section 8 where it discusses its portfolio analysis. In reviewing the portfolio analysis, there does not appear to be any consideration of the potential for extensive use of micro generation, micro storage and micro grids. While the cost of such technologies may be prohibitive now, it is quite likely that the new technology will become more cost effective over time. This is quite common in the tech world.”

Request:

- (a) Can Mr. Bell give some examples of the viability for using various types of on-site or micro generation in the Yukon?
- (b) Other than the potential impact on the rates of system customers, is Mr. Bell aware of reasons why a utility would not encourage the use of customer-owned micro generation?
- (c) Is Mr. Bell aware of any jurisdiction in which larger use customers (especially customers like mines with limited lives) are encouraged to install on-site generation?

- 3) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 7*
“Q12. Are customers concerned about increasing prices?
A12. Yes. I was involved in the Northwest Territories Power Corporation (NTPC) rate hearing in July 2017. At that hearing customers lined up to express their concern about increased energy costs. The issue is similar in this application, as NTPC provides wholesale electricity to the local distributor for Yellowknife. In this application, YEC provides wholesale energy to the distributor in Whitehorse.”
- Request:*
 Is Mr. Bell aware of any mechanisms that have been used in other jurisdictions to protect ratepayers and / or mitigate impacts on rates?
- 4) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 9*
“Typically investments in utility infrastructure are long lived assets, with lives that range from 40 years on. With the current desire for customers to have more control over their costs, and the potential for new technology, one must be cautious when investing in long lived assets. If customers are expected to pay for the costs of prudently incurred costs over their life, then it is incumbent on a utility to minimize any risks of stranded assets. NTD please complete the thought.”
- Request:*
- (a) What additional information does Mr. Bell have to “complete the thought”?
 - (b) What methods are used in other jurisdictions to minimize the risks of stranded assets?
- 5) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 9*
“YEC’s capital plans appear to be built upon the assumption that YEC will continue to provide services in the same way it always has in the past. While it does anticipate that it will introduce new technology, such as storage or solar panels, the assumption appears to be that YEC will continue to provide the vast majority of the energy used in the Yukon. What is missing is an analysis of the impact on YEC decisions and on customer rates if there is a significant switch to new technology by end use customers, resulting in significantly reduced loads and demands. Unless the resource plan is updated to include the potential for significant loss of loads and demand, and the impact of new technology, it does not provide a realistic assessment of future requirements. As such, it is not a reliable assessment of future needs for capital. Accordingly, the costs of the study should be excluded from rates.”
- Request:*
- (a) What does Mr. Bell consider a “significant switch to new technology by end use customers” that would trigger rate adjustments? Please provide detail of your calculations.
 - (b) With respect to updating the Resource Plan, what specifically would Mr. Bell recommend be updated?
 - (c) In Mr. Bell’s opinion, has YEC improved its planning process since the 2006 and 2011 resource plans? Please provide a full explanation.

- 6) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 10*
“As the introduction of the Vegetation Management Policy appears to be the driver for the largest cost increase in O&M, I would expect that YEC would do a more robust assessment of what other utilities would do. As such, I suggest that YEC be directed to compare its vegetation management policy to that of other utilities and provide a report in the compliance filing. If it proves that YEC’s vegetation management policy drives costs that are higher than required the budget for vegetation management should be reduced.”

Request:

- (a) In Mr. Bell’s opinion, would it be more beneficial to ratepayers for YEC to provide an updated and more robust assessment of what other utilities do prior to the YUB making a decision on the proposed revenue requirement or as part of the compliance filing?
- (b) Can Mr. Bell please provide some examples of other jurisdictions vegetation management policy and plans?
- 7) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 10*
“There appears to be a disconnect between the forecasts of wholesale consumption for ATCO Electric Yukon (AEY) and YEC.”

Request:

- (a) Is Mr. Bell aware of any other jurisdiction where the disconnect between the regulator-approved sales forecast of an electricity distributor is allowed to continually vary from the wholesale forecast by another utility for that same distributor?
- (b) What would Mr. Bell consider a remedy to this continuous inconsistency?
- 8) *Reference: Evidence of City of Whitehorse, April 20, 2018, page 13*
“Yes, I note that there is no place in a YEC application to understand total labour and cost per FTE. I am aware that in Alberta, there is a minimum filing requirement that includes a schedule that identifies total labour and FTEs. In response to CW-YEC-1-17 YEC indicates that the Whitehorse analysis in the preamble was incorrect due to the allocation of costs to capital. As labour is a significant portion of any YEC application, it would be helpful to understand the total labour incurred and forecast by YEC in one place. The following table is taken from the Alberta minimum filing requirements. It would be helpful if YEC were to file a similar table in all future applications. The Alberta schedule is for Transmission. I would recommend that there be one schedule for YEC, including all labour.”

Request:

- (a) Is Mr. Bell aware of any other jurisdiction where the costs of internal labour used to prepare and defend regulatory applications is amortized over longer periods of time similar to other costs incurred for regulatory proceedings?
- (b) Can Mr. Bell confirm that the Capital - Labour row on his proposed table is the O&M labour that has been transferred to capital projects?