

- 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.

**Response:**

- (a) The information provided is comparable to other jurisdictions. In other jurisdictions companies provide many tools in support of capital forecasts. These include business cases, results of asset testing, and mathematical models.
- (b) In Alberta and the Northwest Territories, utilities provide business cases for capital projects. In Alberta, there is a materiality threshold of \$500,000 in capital for a project.

- 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?

**Response:**

- (a) Please see the response to YUB-CW-2 (a)
- (b) There may be operational and system design criteria that would require utility involvement in setting standards for any grid connected micro generation.
- (c) Mr. Bell is not clear what the UCG is referring to when it says "encouraged to install." In Alberta, it is not uncommon for large industrial customers that are connected directly to the transmission grid to build their own generation capacity, known as "behind the fence" capacity. All large commercial or industrial customers, whether with limited lives or not, are incented by revenues and costs. To the extent that there is an opportunity to improve the economics of the project, or avoid costs by being able to use the byproduct of an industrial process such as heat to sell energy onto the grid, or to avoid ever increasing costs of the grid, sophisticated customers will avail themselves of all such opportunities as long as they are cost effective.

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?

**Response:**

A utility is entitled to a reasonable opportunity to recover prudently incurred costs. The issue is that there is an increasing cost to maintaining grid connected customers. Mr. Bell's comments were intended to highlight to the Board the fact that customer dissatisfaction with ever increasing rates, and the perceived lack of control over costs, could incent behaviors that may include options to go off the grid.

- 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?

**Response:**

- (a) This was a comment Mr. Bell made to remember to cycle back as he was drafting the evidence. It should have been deleted before the evidence was filed, and its inclusion should be considered an error and disregarded. Prior to adopting and speaking to his evidence at the upcoming error, Mr. Bell would make that deletion.
- (b) Mr. Bell does not have any ways to ensure that there will be no stranded assets. That is why Mr. Bell is highlighting this issue now. He is aware that the technology used in providing electricity to customers is in a state of evolution, and it is imperative that the incumbent utility find ways to reduce its prices, not seek repeated rate increases.

- 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.

**Response:**

- (a) Please see the response to YUB-CW-2. Mr. Bell cannot calculate the impact of any potential change.
- (b) Please see the response to YUB-CW-4
- (c) Mr. Bell has not assessed the planning process since 2006 and 2011. His analysis was limited to assessing the outputs of the process and the question of whether YEC has included the possibility of alternate technology.

- 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?

**Response:**

- (a) Please see the response to YUB-CW-1 (b).
- (b) Mr. Bell does not have access to current plans of Alberta utilities.

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?

**Response:**

- (a) First, Mr. Bell views AEY as a customer of YEC. In Mr. Bell's experience in Alberta, for as significant a customer as AEY is to YEC, the utility would have in depth conversations about expected load in preparation for any GRA.
- (b) Please see the response to YUB-CW-6.

- 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?

**Response:**

- (a) No
- (b) Yes