

**YUKON ENERGY CORPORATION  
2017-2018 GENERAL RATE APPLICATION**

**Utilities Consumers' Group  
Information Request No. 1**

- 1) *Reference:* June 22, 2017 Application

*Request:*

- (a) Please provide details of all customer and stakeholder consultations conducted by Yukon Energy Corporation during development of this application prior to submitting it to the YUB.
- (b) Please provide specific details on how YEC's customers were informed of proposals being considered for inclusion in the application and how input from customers was used to develop details of the application.
- (c) Please provide all documentation related to issues discussed during these consultations and a list of all parties involved in the consultations.
- (d) Please confirm how and when the leadership / owners of YEC approved the General Rate Application as provided to the YUB. Please identify the dates on which these approvals were provided.

- 2) *Reference:* June 22, 2017 Application page 1

*YEC states "Pursuant to the Order in Council (OIC) 2014/23 direction, the Board must ensure until the end of 2018 that rate adjustments for retail customers and major industrial customers apply equally, when measured as percentages, to all classes of retail customers and to the class of major industrial customers. Consequently, for both 2017 and 2018, all proposed rate adjustments for retail customers and industrial customers apply equally, as percentages".*

*Reference:* Board Order 2010-13, Appendix A – Reasons for Decision

*"29. Therefore, the Board directs the Companies to file a joint COS study within six months of the expiry of OIC 2008/149. The Board further directs the Companies to incorporate all findings and directions of this Decision into the next COS study."*

*Request:*

Please provide details on the progress made to date and the expected schedule for completing and filing the joint COS study as directed by the YUB.

- 3) *Reference:* June 22, 2017 Application page 2

*YEC states "Yukon Energy's last requested rate increase was for the 2012 and 2013 test years – this was the first requested increase in Yukon Energy firm retail rates for non-industrial customers since the 1998/1999 rate review (which focused on issues arising from the closure of the Faro mine)."*

*Reference:* ATCO Electric Yukon 2016-2017 General Rate Application

- AEY Response to UCG-AEY-16
- ATCO Electric Yukon 2016-2017 GRA Compliance Filing (May 26, 2017)

- Board Order 2017-03

*Request:*

- (a) Please confirm that the bills of Yukon ratepayers have continued to change since the 1998/1999 rate review due to the reliance by YEC and YECL/AEY on across-the-board percentage rate riders (e.g., Riders F, J and R) to recover approved rate revenue requirements and changes to fuel costs beyond what was provided by base rates.
- (b) Please provide detailed calculations of the total bill (including all riders, rate relief, and taxes) for a YEC residential customer using 800 kWh, 1000 kWh, 1200 kWh and 1400 kWh per month in January 2012, January 2013, January 2014, January 2015, January 2016, January 2017 and January 2018 assuming that the 2017 and 2018 rate adjustments proposed by YEC are approved. Please provide details of the bill calculations and indicate overall percentage changes in the total bill for each year.
- (c) Please provide detailed calculations of the total bill (including all riders, rate relief, and taxes) for an ATCO Electric Yukon (AEY) residential customer in Whitehorse using 800 kWh, 1000 kWh, 1200 kWh and 1400 kWh per month in January 2015, January 2016, January 2017 and January 2018 with the approved AEY riders and assuming that the 2017 and 2018 rate adjustments proposed by YEC are approved. Please provide details of the bill calculations and indicate overall percentage changes in the total bill for each year.
- (d) Please provide detailed calculations of the total bill (including all riders, rate relief, and taxes) for an ATCO Electric Yukon (AEY) residential customer in Whitehorse using 800 kWh, 1000 kWh, 1200 kWh and 1400 kWh per month in January 2015, January 2016, January 2017 and January 2018 with the approved AEY riders and assuming that only 50% of the 2017 and 2018 rate adjustments proposed by YEC are approved. Please provide details of the bill calculations and indicate overall percentage changes in the total bill for each year.

- 4) *Reference:* June 22, 2017 Application, page 2

YEC states: “*Measures since the 2012/13 GRA that have helped to manage Yukon Energy's ongoing pressures and defer the requirement for the Application include debt re-negotiation with Yukon Development Corporation (YDC), the Mayo B Promissory Note's flexible debt financing provisions, YDC contributions that reduced project costs to be recovered from ratepayers, secondary sales revenues, and adjusted thermal fuel costs related to Diesel Contingency Fund operation and also to the implementation of the Whitehorse Diesel-Natural Gas Conversion Project (LNG Project or LNG Plant project).*”

*Reference:* June 22, 2017 Application, pages 1-3 and 1-4

YEC states that Debt Re-Negotiation with YDC lowered YEC's interest costs by about \$1.5 million in 2017 and \$1.4 million in 2018 and that revenues from secondary sales are forecast at \$0.642 million per year in 2017 and 2018, all of which is used to lower the required level of retail rates for firm power.

*Request:*

- (a) Please provide specific details regarding the actual impact that the Mayo B Promissory Note's flexible debt financing provisions, YDC contributions that reduced project costs to be recovered from ratepayers, adjusted thermal fuel costs related to Diesel Contingency Fund operation, and the implementation of the Whitehorse Diesel-Natural Gas Conversion Project has had on YEC's revenue requirements for 2017 and 2018.

- (b) Please provide specific details of how YEC has reduced ongoing costs to offset other cost pressures.
- (c) Please provide details of YEC's efforts to date to consider a performance-based regulation mechanism including earnings sharing.

- 5) *Reference:* June 22, 2017 Application, page 4  
 YEC states that it is requesting approval of a forecast revenue requirement of \$48.544 million for 2017 and \$49.864 million for 2018.

*Request:*

- (a) Please confirm that the YUB-approved revenue requirements for 2012 and 2013 were \$38.850 million and \$42.263 million respectively.
- (b) Please provide a table similar to Table 3.1 showing YUB-approved revenue requirement components and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column and include footnotes identifying the YUB orders that approved the revenue requirements.
- (c) Please provide a table similar to Table 3.2 showing YUB-approved fuel and purchased power costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (d) Please provide a table similar to Table 3.3 showing YUB-approved non-fuel O&M expenses and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (e) Please provide a table similar to Table 3.4 showing YUB-approved employee complement and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (f) Please provide a table similar to Table 3.5 showing YUB-approved production costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (g) Please provide a table similar to Table 3.6 showing YUB-approved transmission costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (h) Please provide a table similar to Table 3.6.1 showing YUB-approved brushing costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (i) Please provide a table similar to Table 3.7 showing YUB-approved distribution costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (j) Please provide a table similar to Table 3.8 showing YUB-approved general O&M costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (k) Please provide a table similar to Table 3.9 showing YUB-approved administration costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (l) Please provide a table similar to Table 3.10 showing YUB-approved insurance and reserve for injuries and damages costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
- (m) Please provide a table similar to Table 3.12 showing YUB-approved property taxes costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.

- (n) Please provide a table similar to Table 3.13 showing YUB-approved rate base components and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
  - (o) Please provide a table similar to Table 3.14 showing YUB-approved depreciation and amortization costs and actuals for 2012, 2013, 2014, 2015 and 2016. Please identify percentage changes from column to column.
  - (p) Please provide a table similar to Table 3.15 showing YUB-approved cost of capital and actuals for 2012, 2013, 2014, 2015 and 2016.
- 6) *Reference: June 22, 2017 Application, page 9*  
 YEC states *“The 2016 Resource Plan addresses Yukon Energy’s requirements for the next five years, as well as for the longer term planning horizon, and describes the extensive consultation undertaken during the preparation of this plan. Yukon Energy is not seeking specific approvals for the plan. The 2016 Resource Plan is provided for information of the Board and stakeholders and to provide context for capital expenditures and ongoing planning costs included in the test year forecasts.”*

*Request:*

- (a) Please explain how the YUB and other stakeholders are to put any faith into YEC’s 2016 Resource Plan’s claim that there is a current and growing need for new capacity to meet requirements under the single contingency (N-1) criterion if YEC is not seeking any type of approval of this plan which can only result from a thorough, stand-alone regulatory review of the Resource Plan.
  - (b) Please provide the studies that substantiate the 2016 Resource Plan’s forecast that the single contingency (N-1) dependable capacity shortfall is 6 MW for 2017 and 8 MW for 2018.
  - (c) Please provide details by year of all costs incurred to develop the updated 2016 Resource Plan and how it will impact rates.
- 7) *Reference: June 22, 2017 Application, page 1-7*  
 YEC states *“Forecasts for the Minto mine load in 2017 and 2018 have changed significantly since the start of 2017. Through early January 2017, it was understood that the mine would cease operations in late 2017. The forecast in this Application now assumes continued Minto mine operation through 2018, based on updated information provided in April 2017.”*

*Request:*

- (a) Please provide a copy of the referenced updated information and details regarding its source.
- (b) Please provide all other information gathered by YEC to confirm its industrial load forecasts for 2017 and 2018.
- (c) Please provide a table showing sales to each industrial customer in 2013, 2014, 2015, 2016, 2017 and 2018 and associated revenues.
- (d) Please provide a description and details of the costs associated with providing service to each of the industrial customers (Minto and Alexco, including negotiations numbers with Eagle) and how these costs are determined.
- (e) Please provide an update on anticipated industrial customer load requirements beyond 2018.

(f) Please provide details on any planning that YEC is conducting to implement on-site generation for the transient industrial loads of mines and other large customers.

- 8) *Reference: June 22, 2017 Application, page 1-7*  
 YEC states “*Overall, forecast mid-year net rate base (i.e., after contributions) in 2018 is \$64 million higher than the mid-year net rate base as approved for 2013 in the last GRA.*”

*Request:*

Please confirm that YEC’s capital expenditures are not rolled into rate base (i.e., treated as work in progress) for rate setting purposes until the project is completed and deemed to be used and useful and then approved for inclusion in rate base by the YUB.

- 9) *Reference: June 22, 2017 Application, page 1-8*  
 YEC states “*The 2012/13 GRA identified the continuing need to meet capacity planning requirements, and Yukon Energy's 2016 Resource Plan has highlighted a current and growing need for new capacity to meet requirements under the single contingency (N-1) criterion. This Application (Tab 2, Section 2.4) forecasts the dependable capacity shortfall at 7.6 MW for 2017 and 8.7 MW for 2018, based on forecast non-industrial load growth without any new diesel unit retirements.*”

*Reference: August 15, 2017, Whitehorse Star, Power for Mines is Plentiful*

YEC’s president Andrew Hall is quoted in this article saying that providing grid power to both the Eagle Gold Project and Alexco Resource Corp.’s silver operation in Keno City won’t be an issue.

*Request:*

- (a) Please provide details of how power will be provided to these projects.
  - (b) Is YEC currently negotiating a power purchase agreement with Eagle Gold? When is this mine proposed to take industrial power from the grid? Will this affect any of the proposed revenue requirements and rates in 2017 and 2018?
  - (c) Please confirm that when YEC proposed the Whitehorse Diesel-Natural Conversion Project, it was based on no load related to Alexco’s mining operations.
  - (d) Has YEC ever negotiated a power purchase agreement with Alexco? Please provide details of this agreement and whether it was followed.
  - (e) Please provide details of how power will be provided to these projects (Alexco and Eagle) and how costs will be managed and paid for.
  - (f) Since Alexco discontinued their prior industrial power load within a few years after hooking up to industrial grid power, after considerable expense to the utility and thus other ratepayers, how does YEC propose to protect ratepayers from future risk from this company which has not proven to be stable?
- 10) *Reference: June 22, 2017 Application, page 1-10*  
 With respect to its Demand Side Management (DSM) Accounting Policy, YEC states “*In Order 2013-01 following the 2012/13 GRA, the Board deferred its findings and directions regarding YEC's DSM accounting policy until YEC and ATCO Electric Yukon (AEY) had jointly filed a DSM plan as directed in a prior section. The utilities' joint DSM Plan was filed as part of AEY's 2013-15 General Rate Application and was subject to review by the*

*Board and intervenors. The Board's comments on the DSM Plan were provided in Order 2014-06".*

*Request:*

- (a) Please identify where in Board Order 2014-06 YEC was given specific directions with respect to its DSM program.
- (b) Please provide details on how the impacts of DSM efforts are reflected in the actual sales and load forecasts of YEC's customer classes including secondary sales customers for the period 2013-2018.
- (c) Please confirm that all DSM-related costs will be subject to a prudence review by the Yukon Utilities Board prior to being recovered in rates.
- (d) Please provide details of YEC's DSM-related expenditures in 2013, 2014, 2015, 2016, 2017 and 2018 and their corresponding percentage of total revenue requirement for those years.
- (e) Please identify how and where YEC's application reflects benefits to Yukon ratepayers of DSM-related expenditures.

11) *Reference: June 22, 2017 Application, page 2-10*

With respect to Power Generation, YEC states that there is a small amount of wind generation available on the system.

*Request:*

- (a) Please provide an update on negotiations with Northern Energy Capital on a purchase power agreement related to the proposed wind turbines to be built on Haeckel Hill.
- (b) Please provide details of correspondence which indicates YEC's support for the proposed project.
- (c) Please provide details of any impact this proposed project will have on YEC's revenue requirements in 2017 and 2018.
- (d) Please provide details of how this proposed project impacts YEC's current Resource Plan.

12) *Reference: June 22, 2017 Application, page 4-4*

YEC states that, despite not including any secondary energy sales in its last GRA forecast, "*surplus hydro generation (reflecting favourable water conditions as well as reductions in firm grid loads) resulted in actual secondary sales between 3.9 to 7.0 GW.h per year from 2013 to 2016*".

*Request:*

- (a) Please provide a table showing actual and projected secondary energy sales and revenues for 2012, 2013, 2014, 2015, 2016, 2017 and 2018.
- (b) Please explain how Yukon ratepayers have benefited from secondary energy sales in the 2013-2016 time period when no such sales were included in the last GRA forecast.
- (c) Please provide references to when secondary sales and revenues were last reviewed by the YUB.
- (d) Please explain why YEC believes that secondary sales should not be reviewed as part of this application.

- 13) *Reference: June 22, 2017 Application, pages 5-6 and 5-7*  
 YEC states “*The Aishihik hydro facility 7 MW third turbine (AH3) came into service in December 2011. Yukon Energy has incurred \$2.715 million of costs after 2012 for wrap up activities related to this project, including \$2.574 million of costs from a dispute with a contractor on this project.*

...

*A decision on the dispute was provided in August 2016 by the Yukon Supreme Court, awarding the contractor a net amount of \$1,623,565 plus interest and costs. The amount awarded by the Court included \$1,308,462 that consisted of holdbacks and extra works done where the price had been agreed upon, but not yet paid due to YEC's claims for set-off rights. The final cost of the claim dispute includes YEC legal fees of \$0.962 million. Based on the advice of legal counsel, YEC has filed the necessary documentation to appeal the court decision.”*

*Reference: YEC 2012-2013 GRA, Response to CW-YEC-1-28(c)*

YEC states that in August 2010, a feasibility review was undertaken that determined that at a revised project cost of \$12.813 million, the Aishihik Third Turbine project was still economically feasible and would have a Net Present Value of \$9.77 million and a payback period of 7.9 years.

*Request:*

- (a) Please confirm that YEC’s capital expenditures are not rolled into rate base (i.e., treated as work in progress) for rate setting purposes until the project is completed and deemed to be used and useful and then approved for inclusion in rate base by the YUB.
  - (b) Please provide the original costs of this project as of August 2010 by component and the actual costs incurred to date in the same detail with explanations for variances greater than  $\pm 5\%$  between August 2010 totals and actual.
  - (c) Please provide a copy of any feasibility reviews that have been undertaken related to the costs of the Aishihik Third Turbine project since August 2010.
  - (d) Please provide a copy of the August 2016 decision by the Yukon Supreme Court.
  - (e) Please provide supporting documentation for the \$962,000 in legal costs incurred by YEC for the appeal process including timing of when these costs have been incurred.
  - (f) Please explain what benefit ratepayers receive as a result of the legal costs being incurred by YEC through this ongoing appeal process.
- 14) *Reference: YUB Order 2009-8, Appendix A, page 37*  
 “*Further, in future GRA applications, the Board directs YEC to include business cases for major capital items, including electronic models. Business cases will include:*
- *descriptions of the project*
  - *economic analysis including preliminary engineering estimates*
  - *discussion of alternatives and how the chosen option was determined*
  - *discussion of the risks of proceeding with the chosen alternative*
  - *discussion of risks of not proceeding with the chosen alternative; and*
  - *discussion of assumptions included in the business case including escalation factors, loading, financial measures, term of project and associated ancillary costs.”*

*Reference: YUB Order 2013-01: Reasons for Decision, Appendix A, page 65*  
*“However, in future, the Board directs YEC to provide business cases for all projects, including reliability projects, greater than \$1 million. These business cases are to include alternatives to the recommended projects as well as the economic impact to ratepayers of the recommended projects.”*

*Reference: June 22, 2017 Application, page 6-6*  
 YEC states *“Business cases for projects greater than \$1 million (i.e., “major projects”) are provided in Tab 5 of this General Rate Application”*.

*Reference: June 22, 2017 Application, page 5-7*  
 Aishihik Elevator Shaft Structural Steel Rehabilitation (\$10.116 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director’s decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (d) Please provide a copy of the referenced KGS Group study dated January 2014.

- 15) *Reference: June 22, 2017 Application, page 5-8*  
 Aishihik Electrical and Control Upgrades (\$2.511 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director’s decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (d) Please provide a copy of the referenced KGS Group study from 2014.

- 16) *Reference: June 22, 2017 Application, page 5-12*  
 Communications Upgrades (\$1.003 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.



- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (d) Please provide a copy of the referenced BBA study dated June 2016.

- 17) *Reference:* June 22, 2017 Application, page 5-15  
Hydro Unit #WH4 Overhaul (\$4.3 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (d) Please provide details of the tendering process used to award Andritz Hydro the contract to install the new rotor spider and to perform the 10-year overhaul.

- 18) *Reference:* June 22, 2017 Application, page 5-16  
Hydro Unit #MH2 Overhaul (\$1.657 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (d) Please provide the analysis showing that the "continued operation of the Mayo A facility has been determined to be economic".

- 19) *Reference:* June 22, 2017 Application, page 5-18  
T&D – Breaker Replacements (\$1.35 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.

- 20) *Reference:* June 22, 2017 Application, page 5-18  
T&D – Line Replacement (\$11.5 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.

- 21) *Reference:* June 22, 2017 Application, page 5-21  
Wareham Spillway Gate Hoist Replacement (\$2.7 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (d) Please provide the referenced International Quest Engineering study dated March 2014.

- 22) *Reference:* June 22, 2017 Application, page 5-22  
Whistle Bend Supply/Takhini Upgrade (\$11.383 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.

- 23) *Reference:* June 22, 2017 Application, page 5-22  
LNG Plant (\$41.933 million)

*Reference:* Yukon Energy Blog – Why Energy Conservation (April 8, 2015)  
Stated: “The natural gas plant is being built purely as back-up, to be used during emergencies or during cold periods when we don’t have enough renewable power to meet demand”.

*Request:*

- (a) Please confirm the total project cost from conception to completion and provide an annual breakdown including the costs of feasibility studies, engineering, internal and external labour costs. Please include details of all tenders awarded related to this project. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
  - (b) Please provide a table showing forecast and actual costs of this project by component as cost estimates have been adjusted (i.e., project cost approved by YEC Board of Directors, Part 3 application cost estimate, project cost updates provided in IR responses, costs approved by YUB, etc.).
  - (c) Please provide a table showing how this project has reduced costs charged to ratepayers and describe where these savings are reflected in the applied for revenue requirements for 2017 and 2018. Included in this analysis, please show savings in fuel costs to date and through the test years.
  - (d) Please provide a table showing longer terms costs and benefits of this project under various load and generation / water level scenarios.
  - (e) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director’s decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
  - (f) Please explain when and how the LNG generation has been used in light of YEC’s previous arguments that it would only be used as backup to other generation.
  - (g) Please confirm that the LNG back-up plant will not be used to supply electricity to industrial (mine) loads that will be added in the short or long-term.
- 24) *Reference:* June 22, 2017 Application, page 5-26  
LNG Third Engine (\$6.2 million)

*Request:*

- (a) Please provide a business case analysis for this project which contains details required pursuant to Board Orders 2009-8 and 2013-01.
- (b) Please confirm the total project cost from conception to completion and provide an annual breakdown by project component. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (c) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director’s decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (d) Please identify all regulatory approvals that have been received specifically for the LNG Third Engine project.

- 25) *Reference: June 22, 2017 Application, page 5-28*

YEC states “*Growth in net rate base reflects ongoing need to refurbish old assets and improve grid reliability. Significant re-investment in existing infrastructure has been undertaken since 2013 to ensure that the Yukon integrated grid can continue to meet the unprecedented level of growth on the system in a safe and reliable manner*”.

*Reference: June 22, 2017 Application, Table 2.1, page 2-17*

Total kWh sales are forecast to increase from 388,363 MWh in 2013 to 398,582 MWh in 2018 which equates to a less than 1.3% total growth over 5 years.

*Request:*

- (a) Please explain how 1.3% in total growth in sales over 5 years can be considered to be “unprecedented”.
  - (b) Please provide a table of capital projects that have been undertaken since 2013 that have been required to meet system growth. This table should include a description of the project, justification for the project due to system growth, total actual / estimated costs and date of completion.
- 26) *Reference: June 22, 2017 Application, page 5-28*  
 YEC states “*This Application includes approximately \$6.3 million of earlier deferred overhaul costs being bought into the property, PP&E capital works rate base as of January 1, 2017. No spending on overhauls is included for the test years*”.

*Request:*

Please explain why deferred overhaul costs must be added to rate base starting in 2017.

- 27) *Reference: June 22, 2017 Application, Appendix 5.3, page 5.3-7*  
 WAF Transmission Upgrades

*Request:*

- (a) Please provide a business case analysis of the \$3.1 million in projects under this category between 2013 and 2016.
  - (b) Please provide details of the projects to be undertaken pursuant to the \$850,000 annual budget for these projects in 2017 and 2018.
- 28) *Reference: June 22, 2017 Application, Appendix 5.3, page 5.3-8*  
 Customer Extensions

*Reference: June 22, 2017 Application, Table 2.1, page 2-17*

Total customers increased from 2029 in 2013 to 2098 in 2016 which equates to 69 additional customers over 5 years. Forecasts include an additional 16 customers being added in 2017 and another 12 customers in 2018.

*Request:*

- (a) Please provide details of the \$2.44 million in customer extensions costs over the 2013-2016 period as it is related to the additional 69 customers.

- (b) Please provide details of the projects to be undertaken pursuant to the \$475,000 annual budget for these projects in 2017 and 2018 to accommodate the additional 28 customers.

- 29) *Reference:* June 22, 2017 Application, Appendix 5.3, page 5.3-9  
Building Condition Report Response

*Request:*

- (a) Please provide a copy of the referenced 2016 consultant report and details of the total cost of this report.  
(b) Please details of the projects included in the \$299,000 budget for 2018 and related references within the consultant's report.  
(c) Please provide justification for undertaking all of these projects in 2018.

- 30) *Reference:* June 22, 2017 Application, Appendix 5.3, page 5.3-9  
Dawson Derrick Digger

*Request:*

- (a) Please provide a business case analysis for the replacement of this truck and digger including avoided maintenance costs.  
(b) Please provide details of the impact of delaying this replacement until 2019 or 2020.

- 31) *Reference:* June 22, 2017 Application, Appendix 5.3, page 5.3-10  
Mayo Transient Trailer Unit

*Request:*

Please provide details on the impacts to Yukon accommodation, food and other service providers by replacing their services with the proposed trailer.

- 32) *Reference:* June 22, 2017 Application, page 5-31 and Table 5.3, page 5-56  
Aishihik Relicensing (\$2.899 million)

*Request:*

- (a) Please confirm that the Work in Progress (WIP) treatment of these costs means that there will be no impact on rates paid by Yukon ratepayers in 2017 and 2018.  
(b) Please explain the difference between the \$2.899 million cost identified at page 5-31 and the \$8.9 million cost identified on Table 5.3 at page 5-56.  
(c) Please provide a detailed breakdown by year of the \$8.9 million costs shown on Table 5.3.  
(d) Please confirm that costs related to the Aishihik Relicensing will not be recovered in rates until approved by the YUB in a subsequent general rates application process.  
(e) If Aishihik Relicensing is being treated as WIP, why does Table 5.3 at page 5-56 indicate that there is accumulated amortization related to this project?

- 33) *Reference:* June 22, 2017 Application, page 5-32  
Stewart - Keno City Transmission Line Project

*Request:*

- (a) Please provide a detailed chronological list of costs incurred and decision points related to this project including a breakdown of the costs of incurred for feasibility studies, engineering, internal and external labour costs and tenders awarded related to this project. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (b) Please identify the source of all capital contributions to this project and provide related correspondence.
- (c) Please confirm that none of the costs incurred related to this project will be paid by Yukon ratepayers.

- 34) *Reference:* June 22, 2017 Application, page 5-45  
Gladstone Hydro Enhancement Project (\$4.521 million – project not proceeding)

*Request:*

- (a) Please provide a detailed chronological list of costs incurred and go / no go decision points related to this project including a breakdown of the costs incurred for feasibility studies, engineering, internal and external labour costs and tenders awarded related to this project. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (b) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.
- (c) Please provide meeting notes and correspondence related to discussions with Champagne and Aishihik First Nations and Kluane First Nation.

- 35) *Reference:* June 22, 2017 Application, page 5-46  
Marsh Lake Storage Project (\$8.156 million)

*Request:*

- (a) Please provide a detailed chronological list of costs incurred and decision points related to this project including a breakdown of the costs of incurred for feasibility studies, engineering, internal and external labour costs and tenders awarded related to this project. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (b) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.

- 36) *Reference:* June 22, 2017 Application, page 5-47  
Mayo Lake Enhanced Storage Project

*Request:*

- (a) Please provide a detailed chronological list of costs incurred and decision points related to this project including a breakdown of the costs of incurred for feasibility studies, engineering, internal and external labour costs and tenders awarded related to this project. Please ensure that all YEC internal costs (labour, O&M, supplies, etc.) attributable to this project are specifically identified.
- (b) Please provide a chronological history of all the decisions / approvals / consultations related to this project including Board of Director's decisions, all meetings with various First Nation governments / representatives, stakeholder meetings, etc.

- 37) *Reference:* June 22, 2017 Application, Tables 5.2, 5.3, 5.4 and 5.5  
Expenditures on Property, Plant and Equipment

*Request:*

- (a) Please provide a table showing all projects and studies listed on Tables 5.2 - 5.5 with an indication whether the project is designed to meet peak demand or energy needs.
- (b) On the table provided in response to part (a), for the projects being added to rate base in 2013-2018, please provide evidence that YEC's Board of Directors performed a prudence review on the expenditures for each project to ensure that all costs incurred were prudent for that project.

- 38) *Reference:* June 22, 2017 Application, page 6-4 and Appendix 3.1 of Tab 3  
YEC's distribution and transmission vegetation management policy

*Request:*

- (a) YEC's policy states that the goal of the brushing program is to reduce reliability incidents caused by vegetation to an acceptable level at the lowest possible cost.
  - (i) Please describe YEC's understanding of an acceptable and sustainable level of reliability.
  - (ii) Please provide statistics showing reliability numbers since 2012 that have been impacted by YEC's vegetation management policy.
  - (iii) Has YEC identified high impact rights-of-way in which YEC's strategy will be to focus on performing vegetation management on an optimum cycle to better mitigate large outages, improve asset condition and realize the cost benefits?
  - (iv) Has YEC established a tactical maintenance program on lower impact rights-of-way in which YEC will manage vegetation using a flexible, risk-based approach that targets vegetation management on the worst performing and oldest assets in the inventory?
- (b) Please describe the "industry best practices" on which YEC operates its vegetation management program on a pre-determined cycle.

- 39) *Reference:* June 22, 2017 Application, page 6.8 and Appendix 5.1  
Updated Planning Cost Accounting Policy

*Request:*

- (a) Please provide details of other jurisdictions that have allowed planning costs to be amortized as is proposed by YEC.
- (b) Please confirm that the updated planning cost accounting policy would not allow amortization to accumulate while a project was still within Work in Progress.
- (c) Under section 2.3(a) of the updated policy, please explain what is meant by the “or” at the end of the sentence “In this way, the Corporation minimizes the risk of spending capital dollars on unsupported projects.; or”.
- (d) Please explain the choice of the 5-year and 10-year amortization periods based on project values for projects that are determined uneconomic. Please identify other jurisdictions where this practice is followed.

- 40) *Reference:* June 22, 2017 Application, page 6.8 and Appendix 5.2  
Updated Demand Side Management (DSM) Accounting Policy

*Request:*

- (a) Please provide details on the audit processes that have been completed on DSM efforts in 2013 through 2016.
- (b) Please provide details of YEC’s DSM-related expenditures in 2013, 2014, 2015, 2016, 2017 and 2018 and their percentage of revenue requirement.
- (c) Please provide evidence of how YEC’s DSM programming has “influenced electricity consumption patterns by reducing and/or shifting loads”.
- (d) Please confirm that no DSM-related costs were recovered from Yukon ratepayers in 2013 through 2017.
- (e) Please provide a table showing a detailed breakdown of accumulated costs of DSM programs since 2013 and the related calculation of the amortized costs that will be added to rate base in 2017 (\$2.694 million) and 2018 (\$0.625 million).

- 41) *Reference:* June 22, 2017 Application, Schedule 8, page 7-12  
Reconciliation of Utility Income to Net Earnings

*Request:*

- (a) Please explain why \$269,351 in cost claims by YEC that were disallowed in Board Order 2013-08 dated September 13, 2013 are not shown at line 6 (Disallowed Costs).
- (b) Please provide a breakdown of all costs associated with regulatory proceedings in 2012 through 2016 and identify where these costs are included within the current application.
- (c) Please provide a breakdown of all costs (actual to date and forecast) associated with regulatory proceedings in 2017 and 2018 and identify where these costs are included within the current application. Please include details related to in-house as well as consultant and outsourced services (labour, O&M, etc.).



- 42) *Reference:* June 22, 2017 Application, Schedule 9, page 7-13  
Summary of Customers, Energy Sales and Revenues

*Request:*

- (a) Please confirm that YEC is predicting a 4% increase in total sales (line 43) from 2013 allowed (383,061 MWh) to 2017 forecast (397,859 MWh) and a 15% increase in total revenues (line 51) between 2013 allowed (\$42,263,000) and 2017 forecast (\$48,544,000).
  - (b) Please confirm that YEC is predicting a 0.2% increase in total sales (line 43) from 2017 forecast (397,859 MWh) to 2018 forecast (398,582 MWh) and a 2.7% increase in total revenues (line 51) between 2017 forecast (\$48,544,000) and 2018 forecast (\$49,864,000).
  - (c) Please explain why significant increases to sales volumes in 2017 and 2018 still require a significant increase to riders charged to Yukon ratepayers.
- 43) *Reference:* June 22, 2017 Application, Schedule 10, page 7-14  
Summary of Operating and Maintenance Expenses

*Request:*

- (a) Please provide an explanation for the increases to the Administration and General expense (line 5) between 2013 approved (\$8,654,000) and the expenses for 2015 actual (\$8,101,000), 2016 actual (\$8,509,000), 2017 forecast (\$9,110,000) and 2018 forecast (\$8,912,000). Also explain the proposed 7.1% increase between 2016 and 2017 and the 2.2% decrease from 2017 to 2018.
  - (b) Please provide an explanation for the increases to the Reserve for Injuries and Damages expense (line 16) between 2013 approved (\$226,000) and the expenses for 2017 forecast (\$479,000) and 2018 forecast (\$479,000).
  - (c) Please provide an explanation for the increases to the Property Taxes expense (line 17) between 2013 approved (\$326,000), 2015 actual (\$473,000), 2016 actual (\$686,000), 2017 forecast (\$696,000) and 2018 forecast (\$708,000).
  - (d) Please provide an explanation for the increases to the Donations expense (line 18) between 2013 approved (\$85,000), 2016 actual (\$95,000), 2017 forecast (\$96,000) and 2018 forecast (\$100,000).
- 44) *Reference:* June 22, 2017 Application, Schedule 11, page 7-15  
Summary of Cost of Long-Term Debt

*Request:*

- (a) Please provide a breakdown of the \$92.5 million YDC debt (line 10), the \$21 million YDC debt (line 11), the \$12 million YDC debt (line 12), the new 2017 \$23.828 million debt (line 13) and the new 2018 \$7 million debt (line 14) including terms and payment requirements as well as reasons for the debt.
- (b) Please explain why the new long-term debt for 2017 is increasing from \$13.118 million to \$23.828 million.