

YUKON UTILITIES CONSUMERS' GROUP (UCG)

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March 29, 2021

Yukon Utilities Board

Box 31728

Whitehorse, Yukon Y1A 6L3

Attention: Deana Lemke and YUB Board Members

**Re: Yukon Energy Corporation – YEC 2021 General Rates Application
UCG Notice of Motion**

Dear Ms. Lemke:

The Yukon Utilities Consumers' Group (UCG) hereby files the following notice of motion with reasons.

Notice of Motion: That the Yukon Utilities Board (YUB) direct the Yukon Energy Corporation to provide a just response to the following IRs presented by the UCG.

UCG 1-2

Yukon Energy claims it is too onerous for them “to identify the individual or individuals who were responsible for preparing each response.”¹

If the YUB did not consider this important, then why is it included in their rules? YEC is again deciding which rules and which principles they follow.

UCG submits it is not too onerous for each individual to initial each response as they write it, with a table to identify person with each initial.

Accordingly, UCG requests the Board enforce the Rules.

UCG 1-5 (f))

YEC responds to UCG request to demonstrate concrete examples as to how they reduced ongoing costs, reduced waste, and improved performance to help alleviate the short term financial stability of the company as well as to indicate going forward what they will do in developing better performance. UCG reviewed the text in Tab 3 given as response by YEC and this does not adequately answer these questions, only provided the reasons why the YEC has had to increase all areas of expense.

Accordingly, UCG requests the Board to direct Yukon Energy to give a reasonable response to this IR.

UCG 1-18 (b. and c.)

In this request UCG asks for all the operating diesels on the integrated grid as well as each individual capacity, including both YEC and AEY.

UCG submits it is relevant information that the Board and intervenors need to make an accurate determination of exactly the capacity shortfall we have on the entire grid if and when there would be an N-1 situation or excess peak load.

UCG accordingly requests the board to order YEC to reply with this information.

UCG 1-26 (i.)

Disclosure of management and professional pay scale, i.e. wage band, is vital to keeping track of payout for wages as well as bonus or other added benefits to administration and professionals who

1 YUB Rules of Practice-Approved Board Order 2012-09

are not covered under the collective agreements. YEC responded to this: “(i) YEC does not have (management and non-management) pay grade/scale performance bonus information of other utilities in Canada to provide. However, in UCG 1-24 YEC responds that:
“Yukon Energy Corporation employs two employee groups: In Scope (unionized employees) and Out of Scope (management and professional employees).”

In Scope

Yukon Energy relies on the procedures are set out in the collective agreement with respect to Job Evaluation.

Out of Scope

Yukon Energy relies on Korn Ferry, an independent contractor, for the evaluation of all jobs. Yukon Energy participates in the salary benchmarking service provided by Korn Ferry whereby our jobs are compared against the market and our peers (utilities), adjusted for our geographical location.”

It is obvious YEC has this information at hand and refuses to disclose. Accordingly, UCG request the Board order YEC to answer this question adequately, I.e pay scale/wage band for each administrative and professional position, as well as the comparison to other peers as per above.

UCG1-27

**REFERENCE: November 2020 Application
 SUPPORTING DOCUMENTS PAGE 3-9
 TAB 3 - REVENUE REQUIREMENT**

Yukon Energy states: *“At the historic staff level, employees were finding it difficult to keep pace with increased demands, more so as additional assets are added and increasing burden for planning and executing capital works.”*

QUESTION:

a) Please identify any/each consultant/contract hiring and cost amounts for planning and executing capital works.

ANSWER:

(a)The request is unreasonably broad. YEC is not able to provide the detailed information requested given.

Yukon Energy is giving the above underlined position as to why they have had to increase their staff level, yet they fail to give a reasonable response as to why while staff levels are increasing, consultants are continually hired to manage capital works and detail planning for the company. It is also important for Yukon Energy to explain why in-house/administrative costs are always added to the costs for capital works and planning processes.

Accordingly, UCG requests the Board order YEC to give adequate response to these issues.

UCG 1—30 (d)

Here UCG requests for the YEC to give a chart for the approved rate base amounts of each year where a regulatory review took place, since 1998 when YEC took over its own management. Although this information is at easy access, YEC refuses to disclose, stating it is irrelevant to this application. UCG maintains that it is very relevant for the Board and the public to see the trends of rate base activity in the past.

Accordingly, UCG requests the Board order Yukon Energy to disclose this info through a yearly chart.

UCG 1-30 (h)

REFERENCE: November 2020 Application, Table 3.13:

	<u>Approved 2018</u>	<u>2018 Actual</u>	<u>Actual 2019</u>	<u>Forecast 2020</u>	<u>Existing 2021</u>	<u>Proposed 2021</u>
Net Rate Base	\$ 287,478	\$292,186	\$ 299,399	\$307,255	\$ 323,117	\$ 322,777

UCG gave the following for reference identifying added ratebase to each year: h) Since \$11.921M 2019 increase (299,399 minus 287,478) ; \$7.856 M 2020 increase (307,255 minus 299,399) ; and

\$15,522 proposed for 2021 (322,777 minus 307,255) Totaling \$35.299 since last GRA.

UCG requested a breakdown of each of these years rate-base additions, i.e which projects, what costs for each year and identify any Board approval for any of these into rate base or WIP. Yukon Energy states this is too strenuous for them to locate the info requested, but if they cannot disclose this info how can they be adequately monitored/regulated to make certain all additions are prudent, without any overlaps or duplication.

Accordingly, UCG requests the Board to order YEC to disclose this information.

UCG 1-32

In this IR, UCG wants to get information on Fortis BC(Electric), which the YEC uses as their comparator for their Risk Premium on the RoR. YEC writes this question off by claiming this risk premium has already been established for this test year. UCG trusts this has not yet been established and the Board needs all the information it can get for the Fortis BC(Electric) comparator before it sets this Risk Premium for the test year.

Accordingly UCG requests the Board order YEC to answer all the question asked in this IR.

QUESTION:

- a) Does Fortis BC (Electric) borrow the majority of its' money/debt from a government mother corporation? Is Fortis BC (Electric) a government publicly-owned corporation?
- b) Does Fortis BC (Electric) receive federal and provincial contributions for various programs? Explain.
- c) Does Fortis BC (Electric) have a rider or mechanism for Fuel price changes, a Low Water Reserve Fund/ similar mechanism, or any other mechanism for stabilizing rates?
- d) Identify the gross margin for YEC in 2019 and 2020.
- e) Identify the earnings before interest, taxes and amortization for YEC in 2019 and 2020.
- f) Compare the numbers for (d) and (e) with those of Fortis BC(Electric) .

UCG 1-34

As these large projects (i.e. Capital Projects > \$1 million to include: LNG 3rd.Turbine; N-1 Capacity Shortage Whitehorse site; N-1Capacity Shortage Faro site; Mayo to McQuesten Transmission Line; McQuesten Sub-Station; Transmission Line Refurbishment; Transmission Line 178 Refurbishment; Breaker Replacement Program; Replace P125 Headgate; WH2 Uprate; WH4Upr.) are multi-million dollar projects throughout several years and Yukon Energy states that they "track each stagegate cost", then it is logical that this should be in some sort of continuity schedule more clearly identifying the cost of each of these individual projects.

Although the Board has asked for clarity on many issues concerning these major projects and Yukon Energy has given significant answers (i.e. YUB-1-48 providing breakdown of costs and YUB1-49 providing a historical costs from the 2008/09, 2012/13 and 2017/18 prior GRAs), the YEC has not clearly identified its tracking of costs in an easy to digest manner.

Accordingly, UCG requests the Board direct Yukon Energy to provide continuity schedules outlining from start to finish of each project: work completed each year and what costs for each stagegate activity; contribution amounts and contributor used for each stagegate; if and when any of these stagegate activities were added to rate base; and if when any cost were previously approved by the Board.

This is absolutely necessary to accurately trace the prudence of each project cost and to ensure no repetition nor overlap of costs are being requested to be added to the rate base.

UCG 1-38

MMTL Upgrade

The tracking of costs of this project is a prime example of why UCG-1-34 should be answered for all major projects. This has been a multi-year project with various stagegate activities; various contributions from the Federal and Territorial (through YDC) Governments, which have not been clearly identified as to which stagegate and amounts use, either in the business plan nor IR

responses. In order to easily track all of the work completed for each of these differing stagegates, contribution and contributor amounts for each stagegate, rate base additions if and when previously added (and if approved); then a proper continuity schedule outlining all of these are necessary to ensure prudence of each cost, no overlap nor repetition of costs.

Accordingly, UCG requests the Board order Yukon Energy to be transparent on this request of the MMTL Upgrade to present a continuity schedule outlining each year, the work completed for each of these differing stagegates, the costs of each, the name of contributor and contribution amounts for each stagegate activity, and identify all rate base additions previously added (and if approved)

UCG 1-43

Whitehorse #4 Refurbishment

This project has been ongoing for several years with some costs apparently already placed into the rate base. It is in the multi-millions of dollars and needs to be clearly outlined in a continuity schedule from start to finish. There is a need to qualify and quantify ALL transactions and work performed on Whse. #4, since commencement of various stages of refurbishment until present, in order to trace the full costs of this project to demonstrate prudence of project costs and ensure no duplication nor overlap of costs. There are also some WH4 costs not accounted to the refurbishment, which need to be identified and clarified to determine full costs of WH4.

Accordingly, UCG requests the Board order Yukon Energy to be transparent on this request on the total Whitehorse #4 Refurbishment; to present a continuity schedule outlining each year, from conception, the work completed for each of these differing stagegates, the costs of each, and identify all rate base additions previously added (and if approved)

If there are any questions concerning the contents of this motion, please direct all inquiries to me by email at rroudeau@northwestel.net or by phone at 633-5210.

Regards,

Roger Rondeau
for Yukon Utilities Consumers' Group

cc all parties