

UTILITIES CONSUMERS' GROUP  
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February 9, 2018

Yukon Utilities Board  
Box 31728  
Whitehorse, Yukon Y1A 6L3

Attention: Mr. Robert Laking, Chair

**Re: Yukon Energy Corporation Energy Reconciliation Adjustment (ERA) Filing  
UCG Information Requests – ERA Filing Part 1**

Dear Mr. Laking:

The Utilities Consumers' Group hereby submits its information requests to Yukon Energy Corporation (YEC) pursuant to Board Order 2018-01.

UCG asks that YEC 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 YEC provide the related Excel file as well.

If the Board or YEC requires any clarification with respect to UCG's IRs, please direct all inquiries to me by email at [rondeau@northwestel.net](mailto:rondeau@northwestel.net) or by phone at 633-5210.

Yours truly,

Roger Rondeau  
Utilities Consumers' Group

**YUKON ENERGY CORPORATION  
ENERGY RECONCILIATION ADJUSTMENT (ERA) APPLICATION**

**Utilities Consumers' Group  
Information Request**

- 1) *Reference: December 6, 2017 Application, pages 1-1 and 1-2  
The Court's findings at paragraphs 63 to 65, as referenced in Appendix A to Board Order 2017-08, included the following:*
- *The Board accepted for the 2012-13 GRA that the expected diesel costs included in approved rates are based on long-term average ("LTA") hydro generation forecasts provided by the YECSIM model.*
  - *The Board approved the revised DCF in Board Order 2015-01 as a rate stabilization mechanism, and a customer trust fund in which Yukon Energy has no beneficial interest. In approving the revised DCF "...it accepted that Yukon Energy's annual diesel generation costs are its generation costs plus its DCF payments, not just its actual diesel costs."*
  - *"...the ERA is a rate stabilization mechanism intended to ensure that Yukon Electrical receives a full pass-through of all incremental costs or savings of diesel generation attributable to higher or lower than forecast wholesale purchases."*

*Request:*

- (a) Please confirm that, as established in 1993, the ERA is used to pass through YEC's incremental costs or savings of diesel generation that result from changes in the volume of YECL wholesale purchases compared to the forecast approved by the YUB to establish the then current single energy-only wholesale rate and, in effect, ensures that YECL's retail Hydro zone loads would be served by YECL under the same risk profile as all other YECL loads in Yukon.
- (b) Does YEC believe that the ERA has any impact on the affordability of electricity service costs paid by Yukon ratepayers?
- (c) Please outline what steps YEC has taken to advise Yukon ratepayers of the potential impact of its application to the Court of Appeal of Yukon.
- 2) *Reference: December 6, 2017 Application*

*Request:*

- (a) Please confirm that on December 31, 2015 in its Order 2015-07, the Yukon Utilities Board dismissed YEC's Review and Variance application regarding Board Order 2015-06.
- (b) When YEC applied to the Yukon Court of Appeal to appeal the August 18, 2015 Order 2015-06 of the YUB setting a rate for its wholesale electricity sales to YECL, did YEC request that Rate Schedule 42 set per Board Order 2015-06 be made interim pending the results of the appeal?
- (c) Please confirm the date when YEC implemented the rates approved by the YUB per Board Order 2015-06.

- 3) *Reference:* December 6, 2017 Application, pages 1-2 and 1-3

*Request:*

- (a) Please confirm that the Diesel Contingency Fund (DCF) was established to ensure that Yukon ratepayers pay more stable and consistent rates for electricity than would otherwise be the case when more diesel generation is required in low water years.
- (b) Please confirm that the DCF was inactive between 1999 and 2011.
- (c) Please explain where the funding for the DCF came from leading up to payment by YEC to the DCF of \$439,000 (now \$501,000) in 2012.
- (d) Please confirm that YEC paid an additional \$501,000 into the DCF for electricity purchased by YECL even though it did not incur that \$501,000 in “actual” diesel generation costs.
- (e) Please provide a table showing the calculation of YEC’s utility income and rate of return for 2012 before and after the \$501,000 recovery applicable to 2012.

- 4) *Reference:* December 6, 2017 Application, page 1-5 and 1-6

*“The increase of \$62,000 from the \$439,000 amount estimated in YEC’s April 7, 2015 ERA filing, and referenced in the Yukon Court of Appeal Order, is entirely due to refinements in the revenue impact assessments. No changes exist in the thermal cost impact assessments. The revenue impact assessment for 2012 addresses additional YEC revenues that are reasonably attributable to the wholesales being higher than the forecast. The \$62,000 increase in the revenue impact assessment for 2012 relates to (1) the estimate for Rider J revenue amounts per kW.h of wholesales in 2012, and (2) the revenues assessed for wholesales changes due to Fish Lake hydro generation variances from LTA.”*

*Request:*

- (a) Please explain why YEC should be allowed in 2018 to update Rider J revenues related to added wholesale sales in 2012 and why this wouldn’t be considered retroactive rate setting.
- (b) Please explain why YEC’s April 2015 estimate of 2012 revenues affected by Fish Lake hydro generation included estimated rather than actual Energy Charge revenue changes on incremental wholesales resulting from the Fish Lake hydro generation reduction from the approved LTA.

- 5) *Reference:* December 6, 2017 Application, page 1-7

*Request:*

- (a) If YEC’s final diesel generation costs for 2012 were determined by the DCF Term Sheet table as approved by the Board, and did not involve any new assessments using the YECSIM model, why is YEC making adjustments to revenue impact assessments?
- (b) Please explain how actual diesel generation affected the payment to the DCF for 2012 but it did not affect the total diesel generation cost incurred by YEC.

- 6) *Reference: December 6, 2017 Application, page 1-8*  
*“Accordingly, YEC final diesel generation costs for 2012 were not affected by actual short-term system operation decisions (where differences can occur from planning model assumptions), or by any decisions on opportunities to enhance hydro storage for wintertime, or by any other specific potential cause for actual hydro operation to vary from YECSIM assumptions for the 2012 water conditions or for any other water year in the multiple years of record included in the 2012/13 GRA YECSIM assessments.”*

*Request:*

Please provide details of all operation decisions that varied from YECSIM assumptions for 2012 and the impact that each of these decisions had on thermal general costs actually incurred by YEC.

- 7) *Reference: December 6, 2017 Application, page 1-8*  
*“The DCF is a trust fund for the benefit of ratepayers. Any efficiencies or inefficiencies related to actual YEC operation of its hydro generation facilities had no impact on Yukon Energy’s final thermal generation cost or net income for 2012, even if such factors affect the amounts for YEC’s transfers into or out of the DCF. Yukon Energy’s final generation cost and net income were based solely on the LTA expected thermal generation determinations made according to the approved DCF Term Sheet.”*

*Request:*

- (a) Please confirm YEC’s understanding that a trust fund is a special type of legal entity established by a grantor with a named beneficiary and trustee.
- (b) Please provide details of when the DCF was determined to be a trust fund to which YEC was named the trustee.
- (c) Please confirm that YEC does not own any of money contained within the DCF that it manages on behalf of Yukon ratepayers.

- 8) *Reference: December 6, 2017 Application, page 1-11*  
*“In each subsequent year from 2014 to 2016, wholesales to AEY (after Fish Lake adjustments) were less than the last GRA approved forecast for 2013. In addition, in each of these years Yukon Energy’s reductions in revenues related to these lower wholesales (including any revenue changes related to Fish Lake hydro generation variances from approved long-term average) exceeded its related reductions in thermal generation costs. Accordingly, there was no net cost saving that YEC needs to rebate to AEY in any of these years, i.e., the ERA is zero for each year.”*

*Request:*

- (a) For 2012 to 2016, please provide all data, the sources of this data, assumptions and the calculations related to actual vs. forecast wholesale sale levels, actual Fish Lake hydro generation vs. long-term average, actual vs. forecast thermal generation costs by fuel source, and the ERA calculations.
- (b) Please provide details of the end-user bill impacts (\$ and %) associated with the ERA adjustments proposed by YEC in this application, when these bill impacts are forecast to occur, and how long Yukon ratepayers will see this impact on their bills.

- 9) *Reference: December 6, 2017 Application, page 1-13 and Appendix 1.1, Rate Schedule 42 “Energy Reconciliation Adjustment*  
*YECL’s wholesale primary bill will be adjusted at the end of each calendar year by an amount equal to any increase or reduction in thermal generation costs, net of related changes in wholesale revenues, incurred by Yukon Energy as a direct result of actual wholesale purchases exceeding or falling short of Yukon Energy’s most recent test year forecast wholesale purchases as approved by the Yukon Utilities Board.”*

*Request:*

- (a) Please provide details of the YUB’s legislative jurisdiction to would allow it to issue an Order in 2018 approving an amended Rate Schedule 42 wholesale rate effective January 1, 2012.
- (b) Given that YECL no longer exists, please explain why the proposed Rate Schedule 42 is still tagged as available only to YEC and how the ERA incorporated into the proposed Rate Schedule 42 could be implemented.
- (c) If AEY’s wholesale primary bill will be adjusted at the end of each calendar year, why wouldn’t the adjustment be based on actual wholesale purchases exceeding or falling short of Yukon Energy’s most recent YUB-approved calendar year forecast wholesale purchases instead of the referenced test year forecast?