



February 9, 2018

Yukon Utilities Board
Box 31728
Whitehorse, YT Y1A 6L3

Attention: Deana Lemke
Executive Secretary

Dear Ms. Lemke:

**Re: Yukon Energy Corporation Part 1 Application
Regarding the Energy Reconciliation Adjustment (ERA)
Information Requests**

ATCO Electric Yukon ("AEY") hereby submits the enclosed Information Requests to YEC.

Please contact me if you have any questions or concerns at (780) 420-5432.

Yours truly,

Original Signed by:

Corinne Severson
Director, Regulatory (Distribution)

CS/by
Encl.

**Yukon Energy Corporation Part 1 Application
Regarding the Energy Reconciliation Adjustment (ERA)**

**Information Requests No. 1
ATCO Electric Yukon ("AEY")
Submitted: February 9, 2018**

AEY-YEC-1

Topic: YECSIM

Reference: "Being a planning model, YECSIM (as well as similar planning models such as Manitoba Hydro's SPLASH model) is not structured in a way that lends itself to retrospective verification per se. A detailed verification of a test year has not been made, for example, and such a verification or "test" would not normally be seen as a verification that is required or appropriate for this type of a planning model.

However, the model is a composite of many sub-models that combine to provide an accurate representation of the YEC power system under a variety of hydrological conditions. The accuracy of individual components of the model, such as energy generation for given flows and heads, has been verified individually. These are known to be accurate representations of the real phenomenon. Model inputs such as spillway discharge rating curves have been based on and verified with actual data."

YUB-YEC-1-3, Application to Revise the DCF & Related amendments to the ERA, August 19, 2014

Preamble: AEY is interested in clarifying the use of the YECSIM model.

Requests:

- (a) Please confirm that YECSIM is used to derive diesel generation costs for the DCF, and that the ERA is also affected by the YECSIM derivation of diesel generation costs.
- (b) Please confirm YECSIM cannot be retroactively verified. If not confirmed, please explain.
- (c) If (b) is confirmed, please comment on the Board's ability to provide regulatory oversight of material costs derived from YECSIM that cannot be retroactively verified.

AEY-YEC-2

Topic: ERA

Reference: “[7] Rate-setting is an inherently forward-looking exercise.”

*2017 YKCA 15 Yukon Energy Corporation v. Yukon (Utilities Board)
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“[26] The ERA is another Board-approved stabilization mechanism which addresses variances from Yukon Energy’s forecast costs of diesel generation. Whereas the DCF addresses variable water conditions, the ERA addresses variances from forecast wholesale purchases. Established in 1993, **it is a retrospective payment calculation** designed 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 demand. Like the DCF, the ERA was long inactive due to hydro generation exceeding wholesale demand.” **[emphasis]**

*2017 YKCA 15 Yukon Energy Corporation v. Yukon (Utilities Board)
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Preamble: AEY is clarifying YEC’s understanding of who bears the ultimate responsibility for ERA costs.

Requests:

- (a) Please confirm YEC agrees that the ERA is a retrospective payment calculation.
- (b) Please comment on YEC’s views on how all ERA costs should be flowed-through and recovered from all Yukon ratepayers.

AEY-YEC-3

Topic: Changes to ERA

Reference: “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.”

Part 1: 2012-2016 Page 1-5

“[66] In 2012, Yukon Energy made the additional \$439,000 net DCF payment attributable to Yukon Electrical’s above-forecast wholesale purchases into the DCF trust fund in which it has no beneficial interest. The payment was made because it was obligatory under Board-approved DCF rules, even though Yukon Energy was able to meet almost all the excess wholesale load through hydro generation due to the better than long-term average forecast water conditions. In other words, Yukon Energy was required by a Board-approved mechanism to pay an additional \$439,000 into the DCF for the above-forecast electricity purchased by Yukon Electrical even though it did not pay that \$439,000 in “actual” diesel generation costs.”

2017 YKCA 15 Yukon Energy Corporation v. Yukon (Utilities Board)

Preamble: AEY is concerned about changes to the ERA amount. As recently as last year, YEC was using \$439,000.

Requests:

- (a) Please provide an excel file showing the previous \$439,000 derivation.
- (b) Please confirm that YEC is changing the methodology for determining the ERA charge.
- (c) When did YEC discover that “refinements in revenue impact assessments” were required?
- (d) Were there any changes to the DCF resulting from the “refinements in revenue impact assessments”? If so, please provide details and calculations in excel.

- (e) Please provide an excel schedule showing the previous revenue impact calculations and the current revenue impact calculations. Please include all relevant, linked data in the excel file.

- (f) Does YEC foresee further adjustments to the 2012 ERA and DCF in the future? If so, how often and what process will YEC undertake to review and/or adjust the historical ERA and DCF and change the amounts? Please provide any relevant criteria for review such as materiality thresholds. Please also discuss how retrospective adjustments can be verified if they will occur in the future.