



PUBLIC INTEREST ADVOCACY CENTRE

LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002 ext 26

Fax: (613) 562-0007

e-mail: mjanigan@piac.ca

<http://www.piac.ca>

March 4, 2014

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Mr. Bruce McLennan, Chair

Re: Yukon Energy Corporation – Application for an Energy Project Certificate and an Energy Operation Certificate regarding the Proposed Whitehorse Diesel to Liquefied Natural Gas Conversion Project – YEC Responses to Information Requests

Dear Mr. McLennan:

Our client, the Utilities Consumers' Group ("UCG") is in receipt of the responses to information requests submitted by Yukon Energy Corporation on February 27, 2014.

In reviewing YEC's responses to UCG's information requests, it is apparent that appropriate and adequate responses have not been provided in all cases. UCG submits that in order to complete a robust analysis of YEC's proposal, any information related to operations using LNG that is available will help inform positions of parties that have taken it upon themselves to provide well-informed positions on the proposed project to the YUB.

UCG respectfully requests that the Yukon Utilities Board consider and provide a ruling on the following, presumably after providing YEC some time to review our requests and provide further answers.

NOTICE OF MOTION

The Utilities Consumers' Group requests that the Yukon Utilities Board issue an Order to the effect that:

Yukon Energy Corporation shall be required to provide adequate responses to questions submitted by the Utilities Consumers' Group that YEC has not provided to the Board's satisfaction.

In support of this Notice of Motion, the Utilities Consumers' Group provides for consideration by the Board (and all other parties to the proceeding) the following facts, information, comments, opinions, arguments and questions:

- On February 27, 2014, Yukon Energy Corporation (YEC) submitted responses to information requests related to its proposed Whitehorse Diesel to LNG Conversion Project.

- The general principle that proceedings before the Board should be transparent and open to the public requires that all relevant materials be available on the public record. The need for transparency is especially important where the material is directly relevant to setting rates and revenue requirement recovery policy for regulated monopolies such as YEC.
- The requested evidence is relevant to the consideration of the issues and unless the most compelling reasons can be advanced by YEC, an overarching public interest in disclosure should prevail.
- There has been no disclosure of any perceived harm from the disclosure of this information to the public record.
- The regulation of public utilities must be carried out in as transparent a process as possible. Only very exceptional circumstances should justify the exclusion from the public record of material that is used in rate-setting. UCG respectfully submits that YEC has not demonstrated exceptional circumstances.
- With respect to specific responses to information requests, the UCG submits the following:

1. UCG-YEC-1-8(d)

UCG requested a copy of any spill risk assessment for the proposed facilities and related transport activities conducted by YEC. In its response, YEC simply referenced unspecified risk assessment reports that can be found within Yukon Energy's YESAB submission.

UCG submits the vaguely referenced reports are not simply for informational purposes but provide important information that will allow the YUB to assess an important risk factor associated with the proposed project

UCG requests that YEC provide the actual documents as requested in response to UCG-YEC-1-8(d).

2. UCG-YEC-1-9(c)

UCG requested a detailed cost breakdown and risk assessments of alternative systems YEC considered before moving forward with the proposed project (e.g., renewable generation, demand side management, bi-fuel conversion kits that enable current diesel equipment to run on a combination of LNG and diesel, purchase of new diesel generators with no changes to warehouse, purchase of second-hand diesel generators requiring no changes to warehouse, etc.) and to provide a full business case analysis on all alternatives considered.

YEC responded that Section 4.2 of the Application contains references and reviews of the alternatives that YEC reviewed before moving forward with the proposed LNG conversion and that there is no basis or requirement for YEC to provide a business case for alternatives that YEC is not proposing.

According to the Terms of Reference provided by the Minister on December 20, 2013, the Minister requested that the YUB give “particular regard to”:

“What, if any, alternatives to the Whitehorse Diesel-Natural Gas Conversion Project might be advisable given reasonable load assumptions and risk assessments.”

In section 4.2 of its Application, YEC gave a brief review of alternatives considered (status quo, non-specific near-term renewable options, and two diesel generation alternatives). The only cost and risk analysis provided was related to the diesel generation alternatives. There has been no such analysis provided for any other alternative.

UCG submits that it is inadequate for YEC to simply make statements regarding exposing all grid customers to unreliable generation capacity as well as higher O&M fuel costs under the status quo option with providing the requested analysis.

UCG also submits that the Board and other parties do not have adequate information from YEC to respond to the Minister’s Terms of Reference. UCG submits that it is inadequate to simply state that there are no feasible renewable resource alternatives within the relevant time period without providing the related analysis.

UCG requests that YEC provide the actual documents as requested in response to UCG-YEC-1-9(c).

3. UCG-YEC-1-11(a)

UCG requested a more detailed breakdown of the costs identified in Table 3-1 including YEC’s internal costs, as well as any interest and contingency component of the identified cost categories. For the “Planning Costs” category, UCG requested a complete breakdown of all costs incurred to date to prepare and research this project and documentation and receipts associated with all in-house and consultants / professional fees.

YEC refused to provide the requested detail because it saw no basis for the information.

According to the Terms of Reference provided by the Minister on December 20, 2013:

“The general purpose of the review and hearing is to obtain the YUB’s report and recommendations on the potential benefits, costs, risks and customer impacts that influence whether the Whitehorse Diesel-Natural Gas Conversion Project should proceed as proposed by YEC, and any terms and conditions which the YUB considers should apply.”

and

“The public need for the Whitehorse Diesel-Natural Gas Conversion Project under various reasonable electric load forecasts, including near term requirements related to industrial and non-industrial loads, and the effect of the project on the rates of customers.”

The Minister also requested that the YUB give “particular regard to”:

“The risks facing the Whitehorse Diesel-Natural Gas Conversion Project and their potential impacts on rates for customers.”

UCG questions how the YUB can possibly address the costs and resulting impacts on ratepayers as directed by the Minister if YEC refuses to provide the requested information to allow parties to do some analysis regarding risk to ratepayers.

UCG requests that YEC provide the requested information in UCG-YEC-1-11(a).

4. UCG-YEC-1-12(d - f)

In its Application (pages 43 and B-2), YEC referenced a public workshop held in Whitehorse in January 2012 on the potential use of LNG for electrical generation as part of its “extensive public engagement program”.

UCG requested copies of presentations made at the January 2012 Liquefied Natural Gas Workshop as well as Excel versions, with formulae intact, of all schedules and tables that were part of these presentations.

In its response, YEC confirmed that the information contained in these presentations is useful, but then took it upon themselves to determine that the information contained in these presentations is not relevant to the Board and interested parties in order to gain a better understanding of a complicated proposal. UCG submits that it should not be up to the proponent to determine the knowledge level of other parties nor what type of information should be used in order to build arguments in this proceeding.

UCG requests that YEC provide the requested information in UCG-YEC-1-12(d - f).

5. UCG-YEC-1-15(c)

UCG requested details of YEC’s analysis of the upstream impacts and emissions of natural gas extraction, processing and liquefaction related to the LNG to be used in the Yukon. YEC responded that life cycle assessments undertaken by third party experts are “publicly available” but did not provide a copy of the reports or where they were located.

UCG submits that if YEC refers to assessments done by other parties and uses this information to develop its proposals, then parties to this proceeding should be given an opportunity to review these assessments and ask questions of YEC witnesses on their findings in light of the Minister’s Terms of Reference.

UCG requests that YEC provide the requested information in UCG-YEC-1-15(c).

UCG also notes that YEC has not allowed for a more efficient review of the IR responses (as has been directed by the YUB in past proceedings) by ensuring that responses to IRs are cross-

referenced wherever there are references to another IR or there is duplication in a response to more than one IR. UCG requests that YEC be directed to provide access to a consolidated version of all IR responses with cross-referencing similar to what was directed in Board Order 2012-07.

Yours truly,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan
Counsel for UCG