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June 20, 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 - Proposed Whitehorse Diesel to Liquefied Natural Gas Conversion Project - UCG Comments on Cost Claims

Dear Mr. McLennan:

The Utilities Consumers' Group (UCG) is in receipt of the cost claims submitted by Yukon Energy Corporation (YEC), the City of Whitehorse, and the Yukon Conservation Society / Leading Edge Projects on June 13, 2014. Following are UCG's comments on these cost claims for review by the Board.

On a general note, UCG asks the YUB (again) to make a definitive statement regarding how disallowed costs and billings by lawyers and consultants above allowed Scale of Costs rates should be treated by YEC to ensure that these costs are not recovered from Yukon ratepayers. In UCG's view, the Board must be clear in its cost claim order that all costs not allowed to be recovered from ratepayers should be recovered from YEC's shareholders and that this treatment should be transparent to the public in its financial statements.

For the sake of transparency on costs that Yukon ratepayers are being asked to absorb, UCG submits that the YUB should make details of its own incurred costs known to all parties within a regulatory proceeding to ensure that other parties are informed how the YUB is following the intent of the Scale of Costs to limit costs borne by ratepayers to reasonable levels. UCG submits that to simply indicate a total dollar amount within a cost claim decision of costs incurred by the YUB is not enough to adequately inform ratepayers and proceeding participants of the costs of regulation. UCG submits that the costs incurred by the YUB that are recovered in electricity rates should be subject to the same review process as costs claimed by other parties within a regulatory proceeding.

Yukon Conservation Society / Leading Edge Projects

In its joint cost claim, the Yukon Conservation Society (YCS) and Leading Edge Projects (LE) are asking to recover a total of \$91,166.75 in legal and consultant fees and disbursements.

UCG submits that, at a minimum, a total of approximately \$23,559.95 (\$22,438.13 + \$1,121.82 GST) should be disallowed from the YCS/LE's cost claim.

In its cost claim, YCS/LE has included 93.50 hours @ \$75.00 per hour for the services of YCS' representative Anne Middler. UCG does not consider this part of the YCS claim to be recoverable from ratepayers since YCS was represented by a consultant as well as a lawyer.

According to the Scale of Costs:

An intervener who has not hired legal counsel or a consultant may claim for the number of hours spent in preparing its evidence and submissions in a proceeding. The hourly rate of an intervener shall not exceed \$100 per hour and will be determined by the Board when assessing the costs claim.

In the past several proceedings, UCG has not claimed costs related to the time spent by its representative because of this specific condition within the Scale of Costs which UCG interprets as the YUB's decision to avoid duplication of effort when legal and consultant assistance is acquired.

UCG submits that the YCS/LE cost claim should be reduced by \$7,363.13 (93.5 hours @ \$75.00 + \$350.63 GST) to disallow Ms. Middler's claimed costs in accordance with the Scale of Costs.

YCS/LE has included professional fees for lawyers David Austin and Angela Lane of Clark Wilson LLP. UCG submits that the claim for costs related to services provided by David Austin is excessive. Mr. Austin has charged his time at \$475 per hour which is well in excess of the \$350 per hour maximum allowed in the Scale of Costs. UCG submits that any party with financial constraints that hires a lawyer or consultant should ensure that they know that payment for services will depend on the cost claim process at the end of the proceeding. UCG has the same financial constraints claimed by YCS and UCG doesn't agree that higher hourly rates are justified if more parties use a lawyer's services. All the sharing does is cut down on duplicative billed hours not the rate charged.

UCG also notes that there was no evidence provided of Mr. Austin's experience related to the claimed 35 years included on the Form 2 submitted by YCS/LE.

UCG submits that the YCS/LE cost claim should be reduced by \$15,671.25 (119.4 hours @ \$125.00 + \$746.25 GST) in accordance with the maximum allowable for legal fees under the Scale of Costs.

While margin notes on the Form 2 submitted by YCS/LE rightly suggests that the support provided by Angela Lane is not applicable and should not be recovered from ratepayers, YCS/LE has nonetheless included the fees for Ms. Lane in its cost claim.

UCG submits that the YCS/LE cost claim should be reduced by \$58.80 (\$56.00 + \$2.80 GST) in accordance with the Scale of Costs which does not allow recovery of support staff costs.

With respect to YCS' claimed disbursements:

- 1) According to its submitted Form 3, YCS/LE has claimed a total of \$105.61 (\$100.58 + \$5.03 GST) for meals. Receipts included in the cost claim only account for \$89.43:
 - o March 30 @ 5:30 pm - \$17.85 + \$0.17 GST @ Extra Foods
 - o March 30 @ 6:07 pm - \$12.50 + \$2.00 tip @ Pho Lien Vietnamese
 - o March 30 - \$15.07 @ Westmark restaurant
 - o April 1 - \$39.85 + \$1.99 GST – New Asia Restaurant

According to the Scale of Costs:

The maximum allowable daily claim for meals is in accordance with current Government of Yukon rates. Claims for meals are restricted to the duration of an oral hearing. Tips are not claimable. Receipts are required for all meals claimed, with the date of the meal marked on the receipt.

Since there were no receipts provided for \$16.18 (\$15.41 + \$0.77 GST) of the amount claimed for meals, this amount should be disallowed from the disbursement claim since it cannot be determined when these costs were incurred or by whom.

Since the hearing took place March 31, April 1 and April 2, the \$48.31 (\$44.10 + \$2.21 GST + \$2.00 tip) claimed for meals on March 30 should be disallowed.

- 2) Ratepayers are being charged for 3 flights for Mr. Austin:
 - March 29 (\$249.12 + \$12.46 GST - Vancouver–Whitehorse)
 - April 2 (\$112.04 + \$5.60 GST – Whitehorse–Vancouver)
 - April 4 (\$239.12 + \$11.96 GST – Whitehorse-Vancouver)

This last trip does not pertain to the hearing so YCS' cost claim should be reduced by \$251.08 (\$239.12 + \$11.96 GST).

- 3) Ratepayers are being charged for 4 nights accommodations for Mr. Austin for a 3 day hearing. A maximum 3 days should be allowed so YCS' allowed cost recoveries should be reduced by \$119.70 (\$114.00 + \$5.70 GST).
- 4) Ratepayers are being asked to pay for \$137.66 (\$131.10 + \$6.56 GST) for internal photocopying services completed by Clark Wilson LLP but there was no detail provided to compare the claimed costs with those allowed under the Scale of Costs.
- 5) Ratepayers are being charged a \$30 "file opening" fee which is clearly an overhead charge not recoverable under the Scale of Costs so YCS' cost claim should be reduced by \$31.50 (\$30 + \$1.50 GST).
- 6) Ratepayers are being charged \$609.00 for transcripts which are available online on the Board's web site at no cost. UCG questions why YCS is the only intervenor that has chosen to incur the costs of a printed transcript when the transcripts were readily available on the YUB's web site every night after the hearing. UCG submits that this is an unnecessary cost for YCS/LE to incur.

UCG submits that the YCS/LE cost claim for disbursements should be reduced by at least \$466.77 (\$442.63 + \$22.14 GST + \$2.00 tip) in accordance with the Scale of Costs.

City of Whitehorse

In its cost claim, the City of Whitehorse has included charges by Brownlee LLP which were incurred in May 2014 (per May 22, 2014 invoice) when the YUB's report was issued and well after the hearing concluded. UCG considers these charges to only be beneficial to the City and not Yukon ratepayers so these costs should be disallowed.

UCG submits that the City of Whitehorse cost claim should be reduced by at least \$360.26 (\$343.10 + \$17.16 GST) for professional fees charged in excess of ratepayer need in accordance with the Scale of Costs.

Yukon Energy Corporation

UCG submits that the cost claim of YEC raises considerable concerns with respect to who should be allowed to recover regulatory costs through rates charged to Yukon ratepayers, the continued request by utilities for Yukon ratepayers to pay for claimed costs that are not allowed per the YUB's Scale of Costs and on which the YUB has repeatedly denied recovery, and how these disallowed costs are being treated from an accounting and revenue requirement perspective and how transparent this treatment has been.

It appears to UCG that YEC continues its practice of applying to recover costs that the Board has denied in previous proceedings according to the Intervenor Cost Awards Policy and the associated Scale of Costs. UCG does not understand why this utility and its consultants continue to disregard the rulings and determinations of the YUB regarding costs that are not to be recovered from Yukon ratepayers through electricity rates. YEC appears to simply disregard the YUB's previous rulings in this regard which makes intervenor reviews of costs claims tedious and unproductive. **UCG submits that the YUB needs to consider how best to get the message to YEC that these inappropriate cost claims will not be tolerated since messages to date appear to have been ineffective.**

UCG submits that the YEC cost claim is incomplete in that it did not include the costs of internal staff and resources used in this application. UCG submits that these costs should be included in a cost claim by a utility so that, when a decision by the YUB is issued, all regulatory proceeding costs deemed to be legitimately recoverable from ratepayers are amortized over a longer period of time. YEC's practice of expensing internal regulatory costs related to a proceeding in the year they are incurred simply increases the burden on Yukon ratepayers and is not consistent with the mitigation aspects of amortizing regulatory costs over more than one year.

The lack of detail on YEC's internal costs associated with this and other regulatory proceedings prevents parties from evaluating these costs in light of the Scale of Costs which is supposed to represent the level of costs deemed reasonable for recovery from ratepayers. As an example, UCG submits that YEC obviously incurred costs for witness preparation sessions in Vancouver that should not be recoverable from ratepayers. YEC's gaming of the cost claim process by only including part of these session costs in their cost claim adds to the public perception that Yukon utilities purposely avoid being transparent on actual costs being recovered from ratepayers through rates.

Summary of UCG Submission on YEC Cost Claim

In its cost claim, YEC is asking to recover a total of \$221,257.54, including \$45,077.38 for legal fees and disbursements, \$168,171.50 for consultant fees and disbursements, and \$8,008.66 for YEC disbursements.

UCG submits that, at a minimum, a total of approximately \$63,610 from YEC's cost claim should be disallowed and not recovered from Yukon ratepayers.

Costs of Davis LLP

In its cost claim, YEC has included professional fees of Davis LLP totalling \$43,050.00 based on 123 hours worked. In the five Davis LLP invoices provided in the cost claim, there are 123 hours of time shown with details of 15.5 hours booked on the May 22, 2014 "Part 3 YUB Hearing" invoice redacted from the documents filed in YEC's cost claim.

The amount claimed for recovery from ratepayers is approximately 79% of the \$54,487.50 in professional fees actually billed to YEC on the invoices submitted by Davis LLP. It is unclear what activities were charged to YEC (equating to \$6,122.50) by Davis LLP as part of this proceeding in its May 22, 2014 invoice. UCG submits that the information that has been redacted from the May 22, 2014 invoice must be assumed to be related to costs of services that are not recoverable from ratepayers.

UCG submits that the unredacted version of the May 22, 2014 invoice from Davis LLP should be provided by YEC to allow for transparency on all costs incurred (whether included in cost claim or not) so that unrecoverable costs can be clearly and fully identified.

UCG submits that the \$5,315.00 charged by Davis LLP to YEC at rates above hourly rates included in the maximum Scale of Costs rates (deemed reasonable for recovery from ratepayers) and for unidentified activity should not be recovered from Yukon ratepayers.

UCG submits that \$6,122.50 in charges by Davis LLP included in the May 22, 2014 "Part 3 YUB Hearing" invoice that have been redacted from material submitted in YEC's cost claim should not be recovered from Yukon ratepayers.

UCG assumes that the 94 hours identified as "preparation" time are the hours included on the January 17, 2014 invoice, the February 21, 2014 invoice, the March 12, 2014 invoice, the April 17, 2014 invoice and the 7 hours of time on March 30th on the May 22, 2014 invoice from Davis LLP.

It is not clear from the May 22, 2014 invoice from Davis LLP how much of the time claimed on March 30 and April 2, 2014 is related to travel. UCG assumes that the travel time each day should be 3 hours so YEC's claim should be reduced by **\$1,050.00** (6 hours @ \$175 per hour) since the Board allows professionals only half of their hourly rate for travel time.

UCG submits that the \$1,050.00 should be disallowed from YEC's cost claim for Davis LLP travel time and not be recovered from ratepayers.

Regarding time charged by Mr. Landry, UCG submits that the time charged to prepare for and attend “YEC team meetings” in March 13 and March 27 (for which YEC staff travelled to Vancouver to attend – see note below regarding YEC disbursements) should be disallowed from YEC’s cost claim since these were simply witness preparation sessions that should not have been required for the experienced witnesses put forward by YEC:

March 11	PJL	Prepare for YEC team meeting	5.00 hours
March 12	PJL	Prepare for YEC team meeting	3.00 hours
March 13	PJL	Prepare for and attend YEC team meeting	8.00 hours
March 27	PJL	Prepare for and attendance at LNG Part 3 meeting	9.00 hours

UCG submits that the \$8,750.00 should be disallowed from YEC’s cost claim for the Davis LLP witness preparation session time and not be recovered from ratepayers.

The Scale of Costs includes the following regarding costs claimed with respect to travel:

The Board will recognize claims for airfare at economy rates or less. Claims for airfare are restricted to an oral hearing. Receipts are required and must clearly identify the date of departure and arrival.

YEC has included in its cost claim the following travel expenses charged by Davis LLP:

Flights:	
March 30, 2014 – Vancouver-Whitehorse:	\$611.25 + \$30.08 GST
April 2, 2014 – Whitehorse-Vancouver:	\$294.12 + \$14.71 GST
Flight Change Fee:	\$28.00 + \$1.40 GST
Hotel: 4 nights – March 30 – April 2, 2014	
Internet	\$23.80 + \$1.20 GST
Long Distance Telephone	\$3.30 + \$0.16 GST
Meals: March 30, @ 10:34 pm	
April 1 @ 7:33 am	\$23.85 + \$1.19 GST + \$3.76 tip
April 1 @ 7:46 am	\$6.40 + \$0.32 GST
Airport Parking:	\$6.40 + \$0.32 GST
Taxi (April 3, 2014):	\$144.76 + \$7.24 GST
	\$17.05 + \$0.85 GST + \$3.00 tip

UCG submits that the air travel costs on March 30, 2014 are excessive when considering that the lawyer for YCS made the same trip on the same day for \$249.12. UCG submits that YEC’s cost claim should be reduced by **\$362.13** to acknowledge this difference.

Since there was only a 3 day hearing, a maximum 3 days should be allowed for hotel accommodations so YEC’s allowed recoveries should be reduced by **\$129.00**.

UCG questions the need for internet charges associated with staying at the Whitehorse hotel given the facilities already available through YEC’s offices. UCG submits that YEC’s claim should be reduced by **\$23.80** by disallowing the claimed internet charges which are clearly duplicative overhead costs that are recovered through professional fees.

With respect to claimed meals, Davis LLP is not entitled to claim a March 30th meal for a hearing that occurred between March 31 – April 2 since claims for meals are restricted to the duration of an oral hearing. UCG notes that YEC has allowed their legal counsel to claim a tip as part of this March 30th meal expense as well which is clearly not allowed under the Scale of Costs. UCG submits that YEC's claim should be reduced by **\$23.85** by disallowing the claimed March 30th meal.

UCG submits that YEC's cost claim should be reduced by \$538.78 related to travel disbursements by Davis LLP and that these disallowed costs should not be recovered from Yukon ratepayers.

Other disbursements included on invoices to YEC by Davis LLP include the following:

February 21, 2014 invoice - Catering Services	\$75.70 + \$3.79 GST
April 17, 2014 invoice - Catering Services	\$182.73 + \$9.14 GST

While there are no receipts provided for these meal expenses, UCG assumes that they are related to witness preparation sessions held in Vancouver to which YEC and InterGroup staff attended. These types of expense claims have been denied by the YUB in the past as not appropriate to be recovered from ratepayers. UCG submits that this means that they should not be recovered through rates paid by Yukon ratepayers.

UCG submits that, while YEC paid the \$258.43 related to catering services charges incurred by Davis LLP, these costs should not be recovered from Yukon ratepayers.

Professional Fees of InterGroup Consultants

In its cost claim, YEC has included the costs for an astounding 7 InterGroup “consultants” plus administrative / clerical staff that have claimed a total of \$160,525.50 in professional consultant fees over a 7 month period:

Cam Osler	340.50 hours	\$ 81,720.00
Mona Pollitt-Smith	382.50 hours	\$ 51,637.50
Hamid Najmidinov	188.00 hours	\$ 18,048.00
Yadili Okwumabua	77.00 hours	\$ 6,853.00
Shuo Zhang	5.50 hours	\$ 473.00
Jolene Gordon	4.50 hours	\$ 342.00
Roberta Connon	1.00 hour	\$ 150.00
Admin/Clerical	<u>21.00 hours</u>	<u>\$ 1,302.00</u>
	1,020.00 hours	\$160,525.50

In its Order 2013-08 regarding cost claims associated with YEC's 2012-2013 GRA proceeding, the YUB disallowed costs associated with support staff for which InterGroup continues in this current proceeding to try to recover on top of consultant service fees¹:

“As stated in Board Order 2009-11, the Board will not allow the fees claimed by InterGroup for administrative services including clerical, administrative and production staff. Under section 4.1(b) of the Scale of Costs, the Board will not consider claims for overhead, as such costs are included in the

¹ Board Order 2013-08, page 14

hourly fee paid to a professional under section 4.1(b) of the Scale of Costs. Accordingly, the Board denies the 95.50 hours included for administrative support (\$5,723.00).

In addition, the Board disallows the professional fees of any analysts other than Mr. Osler, Ms. Pollitt-Smith and Mr. Najmidinov because the services of other analysts are duplicative of the services provided by these three consultants. The Board notes that Mr. Osler expensed 770 hours at an hourly rate of \$230 to \$236, for a total of \$178,612.00; Ms. Pollitt-Smith expensed 1,207 hours at an hourly rate of \$120 to \$127, for a total of \$146,754.50; and Mr. Najmidinov expensed 816 hours at an hourly rate of \$85 to \$91, for a total of \$70,039.25. The total amount claimed for the three above consultants is \$395,405.75.”

In its Order 2009-11 regarding cost claims associated with YEC’s 2008-2009 GRA proceeding, the YUB continued its practice of disallowing costs associated with the support staff²:

“The Board has disallowed the fees claimed by InterGroup for administrative services including clerical, administrative and production staff because under the Scale of Costs, administrative services are considered part of the overhead charges implicit in the normal operation of a professional office. Therefore, such costs are included in the hourly fee paid to a professional under section 1 of the Scale of Costs. Accordingly, the Board denies the hours included for administrative support.

In addition, the Board disallows the professional fees of any analysts other than Cam Osler, Patrick Bauman and Mona Pollitt-Smith, as no explanation was provided for having additional staff preparing the Application, these fees were unsubstantiated. Also, from the time sheet description of services provided by Cam Osler, Patrick Bauman and Mona Pollitt-Smith, the Board finds that there was duplication in the services provided. Furthermore, the Board will not award costs for time spent on issues relating to Phase 2 rate matters as set out in the reasons above. The Board emphasizes that the time spent on these issues did not add value to the proceeding, as it hindered the efficiency and effectiveness of the proceeding. As a result, the Board further reduces the InterGroup professional fees by 25%.”

Despite these clear decisions and the rules within the current Scale of Costs, UCG submits that InterGroup continues to attempt to burden Yukon ratepayers with the costs of its overhead and administrative efforts by over-charging for staff support. In UCG’s view, it is unbelievable that YEC would still submit a cost claim that would include not only duplicative charges by InterGroup’s leading professionals (Cam Osler and Mona Pollitt-Smith) but would also include costs associated with support staff for which time sheets indicate that their time was spent providing administrative and accounting support, attending discussion meetings, discussing work assignments, formatting application documents, conducting background research and quality assurance, PDFing documents, or simply “worked on LNG run” and “provided support”. InterGroup goes so far as to charge ratepayers for time used to upgrade flights for its consultants to business class and to print off boarding passes related to unrecoverable trips to Vancouver for witness preparation sessions.

YEC again appears to be misguided in part by the belief that taking the position “*production services are specific professional services provided to Yukon Energy in relation to major filings and have been separated out from pure administration costs (such as invoicing, clerical or secretarial work) and are included in this cost claim*”³ allows them to claim the costs of what are obviously support functions on top of the professional fees for their consultants. UCG submits that functions completed by research analysts and support staff should not be recoverable from Yukon ratepayers at fees established for professional consultants. UCG submits that only the misinformed could think that this type of

² Order 2009-11, page 10

³ YEC Cost Claim, page 6

administrative and research support would not already be considered normal overhead and support incorporated in professional consultant fees.

With respect to the fees claimed for Cam Osler and Mona Pollitt-Smith, UCG submits that the generic descriptions of activities undertaken by these consultants indicate a significant duplication of effort as well as time put in at “YEC team meetings” / witness preparation sessions in Vancouver.

UCG submits that time charged by Mr. Osler and Ms. Pollitt-Smith to prepare for and attend “YEC team meetings” / witness preparation meetings in Vancouver during March 2014 (for which YEC staff also travelled to Vancouver to attend – see note below regarding YEC disbursements) should be disallowed from YEC’s cost claim:

Cam Osler @ \$240 per hour (total - **\$7,860.00**)

March 13	7.00 hours	Meeting with YEC (D. Morrison, H. Campbell, E. Mollard, M. Brandt and J. Landry) to review issues and prepare for hearing.
March 14	2.75 hours	Meeting with YEC (H. Campbell, E. Mollard, M. Brandt and J. Landry) to review issues and prepare for hearing.
March 21	7.00 hours	Meeting with J. Landry, H. Campbell and E. Mollard to prepare for hearing (D. Morrison called for update).
March 27	8.50 hours	Hearing preparation (met with D. Morrison, J. Landry and H. Campbell to complete update and review hearing issues).
March 28	7.50 hours	Hearing preparation (meet with D. Morrison, J. Landry and H. Campbell to review hearing issues).

Mona Pollitt-Smith @ \$135 per hour (total - **\$3,442.50**)

March 13	7.00	Attended hearing preparation session.
March 14	4.00	Hearing preparation session; finalized and filed revised IR. Reviewed preparation for next two weeks and issued briefs.
March 21	5.50	Attend hearing preparation meeting.
March 28	9.00	Attended hearing preparation session; reviewed issues and opening.

UCG questions why a utility would even consider charging ratepayers for costs incurred for these witness preparation sessions by anyone not actually testifying.

UCG submits that a significant duplication of effort is blatantly displayed by having both of these consultants attend the oral hearing in Whitehorse when only one was testifying. UCG submits that given the fees charged by these consultants, ratepayers should not have to pay for more than one consultant to attend a hearing when others can be available in their office by telephone or electronic means. UCG submits that **\$3,037.50** (22.5 hours @ \$135 per hour) in fees charged by Mona Pollitt-Smith to attend the oral hearing and the evening public meeting in Whitehorse should be disallowed from YEC’s cost claim.

The administrative functions performed by Mona Pollitt-Smith that can be identified in cost claim documents should not be allowed to be recovered at professional consultant fees. UCG submits that the **\$4,320.00** (32 hours @ \$135 per hour) in charges associated from these activities should be disallowed from YEC’s cost claim and not recovered from Yukon ratepayers:

December 5, 2013	10.00 hours	“Made edits to Part 3 Application”
December 6, 2013	8.00 hours	“Made edits to Part 3 Application; calls with E. Mollard and H. Campbell”
December 8, 2013	3.00 hours	“Reviewed edits to document; call with H. Campbell re: edits”
March 3, 2014	2.00 hours	“Addressed issue re: cover page logo; address issue re: attachment;

March 26, 2014 9.00 hours *team update call re: next steps for hearing preparation*
"Prepared for the hearing"

UCG submits that all of the **\$27,168.00** in costs associated with time included in YEC's cost claim for the following InterGroup support staff should not only be disallowed from the cost claim but recovered from YEC's shareholder rather than recovered through rates charged Yukon ratepayers:

Hamid Najmidinov:	188.00 hours	\$18,048.00	<i>(research analyst)</i>
Yadili Okwumabua:	77.00 hours	\$ 6,853.00	<i>(research analyst)</i>
Shuo Zhang:	5.50 hours	\$ 473.00	<i>(research analyst)</i>
Jolene Gordon:	4.50 hours	\$ 342.00	<i>(provided administrative support; no CV to verify wage)</i>
Roberta Connon:	1.00 hour	\$ 150.00	<i>(review and cross-check IRs; no CV to verify wage)</i>
Admin/Clerical:	21.00 hours	\$ 1,302.00	<i>(no detail provided)</i>

UCG submits that YEC's cost claim should be reduced by \$45,828.00 related to unjustified and unwarranted professional consultant fees that are not recoverable from Yukon ratepayers under the Scale of Costs and that these disallowed costs should not be recovered from Yukon ratepayers.

InterGroup Consultant Claimed Disbursements

In its Order 2013-08 regarding cost claims associated with YEC's 2012-2013 GRA proceeding, the YUB disallowed costs associated with witness preparation sessions for which InterGroup tried to recover costs on top of service fees⁴:

There were hours claimed for InterGroup for witness-preparation sessions and preparation for the GRA, which were not detailed on the invoices. Some of the services provided by Mr. Osler, Ms. Pollitt-Smith and Mr. Najmidinov were duplicative, so the Board has exercised its discretion and reduces the total fees claimed for each of these consultants by 25% of the hours claimed at the higher rate.

UCG submits that the costs to fly two consultants to Vancouver for witness preparation sessions should be disallowed from YEC's cost claim.

<u>Cam Osler</u>		
March 11-17 – Vancouver	Taxi	\$ 12.37
	Meals	\$ 53.83
	Hotel	\$ 240.71
	Airfare	\$ 469.00
	Train	\$ 4.52
March 19-21 – Vancouver	Hotel	\$ 132.61
March 26-27 – Vancouver	Hotel	\$ 277.28

⁴ Order 2013-08, page 14

<u>Mona Pollitt-Smith</u>		
March 19-21 – Vancouver	Hotel	\$ 132.61
March 26-28 – Vancouver	Airfare	\$ 449.53
	Hotel	\$ 287.28
Total:		<u>\$2,059.74</u>

UCG notes that the receipts provided in YEC's cost claim indicate that both Mr. Osler and Ms. Pollitt-Smith flew in business class to Vancouver for the witness preparation sessions and YEC felt obligated to include the cost of InterGroup's meals in their cost claim. UCG also notes that the highest hotel room rate for March 2014 allowed by Public Works and Government Services Canada is \$115.00 per night while InterGroup felt obligated to charge Yukon ratepayers \$167.76 per night (including GST).

UCG does not understand how much clearer the Scale of Costs needs to be to get YEC to stop trying to take advantage of the cost claim process to recover illegitimate charges levied by its consultants. UCG notes that whether YEC has included InterGroup charges in the current proceeding's cost claim, there is no doubt that Yukon ratepayers will end up paying for all charges incurred since there is no evidence that YEC actually scrutinizes the invoices received from its consultants in view of the YUB's Scale of Costs which reflect reasonable charges for Yukon ratepayers to absorb in rates.

UCG submits that YEC's cost claim should be reduced by \$2,059.74 related to disbursement costs incurred by InterGroup to attend witness preparation sessions in Vancouver and that these disallowed costs should not be recovered from Yukon ratepayers.

InterGroup has charged Yukon ratepayers a total of **\$986.85 for internal photocopying and printing** with no evidence provided regarding how many pages were printed and why so much printing is required when all documents were available in electronic form for reviewing, transferring and editing. UCG submits that for this type of proceeding, YEC and its consultants should be showing some restraint as far as the amount of printing charges being levied against Yukon ratepayers. In this electronic age, UCG does not see the need to charge ratepayers for the printing of nearly 10,000 sheets of paper (\$986.85 / 10¢ per page) when the application itself was only 78 pages and all of the IR responses combined were less than 1400 pages. UCG questions why Yukon ratepayers should pay to allow YEC's consultant to supply printed copies of documents to the platoon of InterGroup personnel that they have assigned to this proceeding.

UCG submits that YEC's cost claim should be reduced by \$500.00 related to disbursement costs incurred by InterGroup for excessive printing and photocopying charges and that these disallowed costs should not be recovered from Yukon ratepayers.

As is stated very clearly in the Scale of Costs:

The maximum allowable daily claim for meals is in accordance with current Government of Yukon rates. Claims for meals are restricted to the duration of an oral hearing. Tips are not claimable. Receipts are required for all meals claimed, with the date of the meal marked on the receipt.

The oral hearing for this proceeding took place on March 31, April 1 and April 2. For unknown reasons, YEC has decided to include numerous hotel and meal charges by InterGroup in its cost

claim (on top of the hotel and meal claims included in the Vancouver witness training sessions identified above) not related to hearing dates:

March 27	Meal (Water Street Café)	\$ 98.02
March 28	Hotel (Osler - Westmark)	\$ 119.70
	Hotel (Pollitt-Smith – Westmark)	\$ 119.70
March 29	Hotel (Osler - Westmark)	\$ 119.70
	Hotel (Pollitt-Smith – Westmark)	\$ 119.70
	Meal (Osler - Antoinette's)	\$ 60.01
March 30	Hotel (Osler - Westmark)	\$ 119.70
	Hotel (Pollitt-Smith – Westmark)	\$ 119.70
	Meal (Pollitt-Smith – Westmark)	\$ 31.98
April 2 (9 pm)	Meal (Cork & Bull)	\$ 184.28
April 3	Meal (Pollitt-Smith – Westmark)	\$ 26.84
Total:		\$1,119.33

UCG questions YEC's dedication to cost management when it attempts to have costs such as these (including a celebratory dinner on April 2nd several hours after the completion of the hearing) be passed through to Yukon ratepayers. UCG submits that a forensic audit is overdue on the costs being recovered in rates charged by Yukon utilities.

UCG submits that YEC's cost claim should be reduced by \$1,119.33 related to disbursement costs incurred by InterGroup for hotel and meal charges incurred outside the needs of the oral hearing and that these disallowed costs should not be recovered from Yukon ratepayers.

Yukon Energy Corporation Claimed Disbursements

Included in YEC's cost claim is the cost of having Ed Mollard and Hector Campbell attend hearing preparation sessions in Vancouver similar to what the YUB has previously disallowed when these sessions were appropriately labelled "witness preparation sessions". While YEC may think they are being clever by simply renaming costs to avoid disallowances, UCG submits that the **\$1,386.30** charged for Mr. Mollard's and Mr. Campbell's hotel stays in Vancouver in March 2014, the **\$2,355.14** in airfare and the associated **\$22.50** in parking fees related to these obvious witness preparation sessions should be disallowed.

UCG submits that YEC's cost claim should be reduced by \$3,763.94 related to costs incurred by YEC staff to attend witness preparation sessions in Vancouver and that these disallowed costs should not be recovered from Yukon ratepayers.

Yours truly,

Roger Rondeau
Utilities Consumers' Group