

UTILITIES CONSUMERS' GROUP

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February 9, 2014

Yukon Utilities Board

Box 31728

Whitehorse, Yukon Y1A 6L3

Attention: Mr. Bruce McLennan, Chair

Re: UCG Reply Submission

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

Dear Mr. McLennan:

The Utilities Consumers' Group ("UCG") is in receipt of submissions from the City of Whitehorse, Yukon Energy Corporation (YEC) and a joint submission from the Yukon Conservation Society and Leading Edge Projects regarding UCG's motion to change the YEC LNG proceeding to an entirely written process and to delay the proceeding until YEC's LNG project has completed the Yukon Environmental and Socio-economic Assessment Board (YESAB) review process.

City of Whitehorse

The City of Whitehorse supported UCG's motion that YEC's LNG application be dealt with exclusively by way of a written process but did not offer any position regarding the proposed delay. UCG has no comments regarding the City's submission.

Yukon Energy Corporation

YEC agrees that a paper proceeding is likely to be less costly than an oral proceeding and is in favour of simplified processes that reduce hearing costs.

UCG disagrees with YEC's statement that "there is no reason or requirement for the YUB to await the determination of YESAB" because the Part 3 review established under the Public Utilities Act and the mandate of YESAB under the Yukon Environmental and Socio-economic Assessment Act are separate and distinct."

As is evident in the record already in place with its current review, the YESAB's process dictates that it consider whether YEC has considered alternatives to its proposed project. In fact, the YESAB has indicated that it is unclear why other means of power generation were not considered. The YESAB has requested YEC to describe how non-fossil fuel generation alternatives were considered and why they were deemed inadequate for the purpose of the proposed project. It is not clear how the YESAB's review and report will review these alternatives, but this is obviously one area in common with the YUB review process. Knowing this information in advance would avoid duplication in the YUB review process.

In its October 21, 2013 memo to the YESAB, AECOM indicated that detailed engineering design has not been completed to allow for a due diligence review of the proposed project. UCG submits that a

detailed engineering design is needed not only for the YESAB process but also to give the YUB some degree of confidence in the cost estimates and benefits prepared by YEC.

UCG submits that there is always the possibility that major design modifications could result from the YESAB review as well as schedule delays that could adversely impact project costs and benefits.

UCG submits that YEC's suggestion that simultaneous reviews by the YESAB and the YUB in the past justifies doing the same for this project is grasping at straws. UCG submits that YEC has failed to provide details of the overlap that the YESAB and YUB processes had for the Carmacks-Stewart Transmission Project (CSTP) and Mayo B projects.

Yukon Conservation Society and Leading Edge Projects

While UCG agrees with the comment from YCS/LE that "this controversial project must be vetted before the public", UCG submits that a written hearing process will not only allow for an extensive evaluation of the proposed project but could result in more thorough and timely explanations and responses to questions on the public record then would result in an oral hearing and resulting undertakings.

UCG disagrees with the YCS/LE position that "the most appropriate way to get more complete answers is under cross-examination". UCG submits that responses by witnesses at oral hearings are often brief and lacking in detail that could be provided if they are given time to properly consider written questions. As has been the case in the most recent regulatory proceedings, the number of follow-up undertakings has increased substantially since the requested information is not readily available to the witnesses at an oral hearing.

UCG agrees with the YCS/LE suggestion that an evening session be arranged for the general public to hear more about the proposed project and be given an opportunity to ask YEC questions about their proposal. However, UCG does not agree that such a session needs to be restricted to non-intervenors. It would benefit other parties not able to attend to have the public session transcribed for the record.

While YCS/LE's proposed three rounds of written information requests could be reduced to two rounds (with an option to motion for more complete responses), UCG supports the proposal to have an allowance for follow-up information requests in the procedural schedule.

UCG submits that YCS/LE's proposed process to require the applicant to provide complete answers if it fails to adequately respond to information requests is already addressed in the ability for any party to submit a motion for more complete responses.

While UCG understands YCS/LE's position that the YEC witness panel should include technical experts who have the knowledge required to answer questions, UCG submits that the technical knowledge will be available to respond to questions in a written hearing process.

YCS/LE support the delay to the YUB's review until after the YESAB process is completed for the same reasons as the UCG.

General

UCG understands that the YUB is currently operating under Ministerial direction to report back to Minister of Justice no later than April 15, 2014. While there was no specific reason provided in the Minister's December 20, 2013 letter of direction, UCG respectfully submits that the YUB could seek

an extension from the Minister to the reporting deadline, if the Board finds this to be in the public interest.

Please direct any questions on this submission to me at the above email address.

Yours truly,

Roger Rondeau
Utilities Consumers' Group