



Thursday, February 6, 2014

By email: yub@yukonutilities.yk.ca

To the YUB and interested parties,

Thank you for the opportunity to respond to the Utilities Consumers Group's motion to change the LNG proceedings to an exclusively written process and to defer the proceedings until after YESAB has completed its screening of the project.

The need for a public hearing

While this may be, as the UCG states, a “less intensive application” than a “much grander General Rate Application”, it is in no way less significant or technical. This project represents an important decision for the future of renewable energy versus expanded fossil fuel use in the Yukon, and could have far reaching economic implications for ratepayers.

We feel that Yukon Energy's Application does not present the case for the LNG project objectively or fairly with respect to alternatives to the project, capital costs of the project and alternatives, long term operating costs of the project, load forecasts used in the economic analyses, the assumptions used in the economic analyses, and the range of sensitivities to the assumptions used in the economic analyses.

This controversial project must be vetted before the public. We share deep concerns about excessive costs of the project and of the YUB process, but thorough oversight and review is not a place to cut corners. The costs of the proceedings have already been reduced considerably by eliminating written and reply arguments, substituted by oral argument at the hearing.

In our collective experience intervening in past YUB proceedings, we often have not received adequate or acceptable responses from applicants to our Information Requests.

The most appropriate way to get more complete answers is under cross-examination. For this reason, we feel a written-only process would be inadequate.

YCS/LE also feels strongly that the public session scheduled for the evening of March 31 is very important. By their nature, YUB processes are not particularly accessible to the public. We commend the Board for using its discretion and scheduling this event so that members of the public can register to address the Board face to face.

Suggested requirements of a written-only process, if chosen

If the Board accepts UCG's motion and pursues a written-only process for these proceedings despite our desire for a hearing, YCS/LE suggests some mitigation to ensure the process is thorough and productive.

YCS/LE strongly recommends that if the process is written-only, the Board institutes the following:

- Three rounds of Information Requests to allow for follow-up questions that arise from, or are not evident at the time of, initial IRs;
- A process to require the applicant to provide complete answers if it fails to adequately respond to Information Requests; and
- An evening public session of the Board for non-Interveners to participate and provide their views on the project directly to the Board.

We recognize that this mitigation, which we consider to be necessary, may in fact negate any financial benefit from eliminating a public hearing. Despite this, if the Board does proceed with a written-only process, YCS/LE strongly urges the Board to adopt these measures.

The need for panel witnesses who can respond during cross-examination

If the proceedings go as scheduled, to ensure that the oral hearing is worthwhile and to justify the costs, YCS/LE strongly recommends that the YEC witness panel include technical experts who have the knowledge required to answer questions. Yukon Energy's GRA witness panel had only executive level people and consultants who could not address technical details. This weakness cannot be tolerated in this hearing.

We request that the Board instruct Yukon Energy to include in its witness panel(s) technical people who can speak to the following details:

- components of the proposed project and its alternatives;
- hydrological modeling;

- hydro – diesel energy mix modeling;
- economic modeling; and
- capital and operating costs of the project and its alternatives.

Support to postpone the YUB proceedings until YESAB process complete

YCS/LE supports the YUB proceedings being delayed until the YESAB process is complete. We recognize that the Energy Project and Energy Operations Certificates cannot be issued until the Decision Body has submitted a Decision Document at the end of the YESAB process. We have no doubt that the YUB, Interveners and the public will benefit from the clarity gained throughout the YESAB process.

As argued and stated by many people during the YESAB public review period, the urgency for this project appears to be vastly overstated. For that reason, we question the need for the two regulatory processes to be happening concurrently. There are already serious questions about the project economics. If mitigations are recommended by YESAB and accepted by the Decision Body, the project itself may change and become even more costly, altering the cost projections and overall project economics. It would be most prudent to postpone the YUB proceedings until the YESAB process is complete, or at the very least until YESAB has completed its Draft Screening Report, but preferably until YESAB sends its final recommendations to the Decision Body.

We are deeply concerned with the financial commitments already made to this project by the public utility in the absence of any regulatory approvals. YCS/LE urges the YUB to request this premature activity by the applicant to stop.

We would be satisfied if the proponent acknowledged the discrepancies in its applications to the YESAB and the YUB, recognized the exceptional public opposition to fossil fuels being proposed to meet baseload demand, and stopped the severe leakage of money by withdrawing the project altogether until an adequate economic investigation into alternatives is complete.

Barring that, on behalf of the Yukon public and future generations of ratepayers, YCS/LE would like the opportunity to participate in an oral hearing.

Thank you,



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