

**Yukon Utilities Consumers' Group (UCG)  
Final Argument ATCO Electric Yukon (AEY)  
Rate Relief Application**

1. AEY has overearned in all the years since their last GRA, so it necessary to look at the overall outcome. The amount of dollars received above the 9% Board approved ROE is \$0.565 million in 2016, \$1.529 million in 2017, \$1.524 million in 2018, \$1.700 million in 2019. \$1.773 million in 2020, and \$1.321 million in 2021. Totalling \$8.412 million.<sup>1</sup>

2. AEY is proposing to return \$1.3 million in rate relief to residential and small business ratepayers, but this is from a reserve fund for regulatory costs<sup>2</sup>, thus is not included in these ROE surplus amounts above.

3. AEY is also proposing to return \$0.9 million from industrial rates<sup>3</sup> for the 2021 year, which were not included in the forecasted rates of the last GRA. UCG anticipates that this is extra income to the AEY which is not included in the overearned ROE amounts, as no contrary evidence has been provided by AEY.

4. UCG questions where the extra industrial rates collected from 2018 to 2020<sup>4</sup>, amounting in \$1.363 million will go...into the extra-extra profits ratepayers payed to

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1 **AEY-UCG-1** for 2016 UCG used the formula  $\frac{4,098}{10.44} = \frac{x}{9}$  Therefore x=3,533 (This 9% return subtracted from the \$4.098 leaves the overearned \$565,000).

The same formulaic approach used for each following year.

2 AEY Application

3 AEY Application

4 ATCO Electric Yukon (AEY) Rate Relief in the Yukon Submitted: September 6, 2022

**AEY-YUB-07**

**Reference:** Application, page 2, PDF page 3, paragraph 10

**Issue:** Industrial revenue to AEY

**Quote:** Since AEY's 2016/17 General Rate Application, Rider R Industrial Revenue has increased rapidly and is now material – exceeding \$0.9 million in 2021. AEY proposes that the Rider R Revenue rate relief be the equivalent of the Rider R Industrial Revenue because it is now material, and it has limited correlation with AEY's expenses or operations as the Rate 39 industrial customers are located in YEC's service territory. (footnote removed)

**Request:**

(a) Please provide a continuity table of industrial revenue to AEY for the years 2018-2021 inclusive.

(b) Should all Rate Schedule 39 industrial revenue belong to YEC? Please explain.

**Responses:**

(a) Please refer to the following table:

**Industrial Rider R Revenues**

**(\$000s)**

2018	2019	2020	2021
\$365	\$335	\$662	\$924

AEY since the last came before their regulatory Board?

5. For the years 2016 and 2017, although UCG deems it unfair that AEY did not share the increase in sales from forecast with their ratepayers, the Board set the rates and rate base for these two test years.

6. Accordingly, UCG submits that the AEY proposal is short, at the very least, \$4.521 million (\$3.159 million or half the overearned ROE from 2018 to 2021 plus the \$1.362 from the industrial income from 2018 to 2020) to share with their ratepayers in the windfall of profits over and above their regulated return. We submit UCG is being very generous to this private utility corporation by offering them to return only half of their overearned profits collected from their ratepayers

7. UCG does not deny AEY in earning some of these extra profits as they may have become more efficient, although it appears as if the result of this excess is from an increase in sales (a glitch in regulation where the utility lowballs their sales forecast and then prolongs their regulatory obligations).

8. UCG notes that AEY has also increased their rate base in every year since the last GRA.<sup>5</sup> We are uncertain how this is regulated or if it is even regulated, but are concerned that this is another way for utilities to manipulate their return of equity.

9. Being a good corporate citizen, even moreso in a small community such as the Yukon, would be the sharing in the good times. Yukon citizens are struggling with increased costs in all areas of their life and for this utility to not offer some relief to their customers who have no option but to access the necessity of electricity use, would not be in the public interest.

10. In conclusion, UCG submits that in tandem with the proposed AEY rate relief offered in their application of \$1.3 million regulatory reserve and \$0.9 million from 2021 industrial rates (which are both simply from reserve funds collected in advance from ratepayers), the Board prepare an order to increase rate relief by \$4.521 million from half of the accumulated profits (2018 to 2021) and industrial revenues (2018 to 2020) received by AEY since the last GRA. Totalling rate relief package of \$6.721 million.

11. Along with this we request that the Board initiate an order which grants the sharing of any excess profits above the perscribed ROE for each year going forward and that rate base cannot be added to until a GRA, so that these regulatory glitches are somewhat rectified.

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5 AEY-UCG-1

12. As well, UCG submits the Board order all industrial rates received by AEY for 2022 onward be returned to ratepayers in rate relief.

13. UCG submits the Board meets its regulatory authority to move forward with these tasks from the statutory *Public Utilities Act*:

**27** The board may make orders

(a) setting rates of a public utility.

**29** In setting rates that a public utility is permitted to charge

(c) the board may give effect to any part of any excess revenue received or deficiency incurred after the commencement of the proceeding as the board determines has been due to undue delay in the hearing and determining of the matter; and

(d) the board shall by order approve the method by which and the period during which any excess or deficiency has incurred.<sup>6</sup>

14. UCG submits that there has been undue delay in ATCO Electric Yukon filing a GRA and the Board hearing such an application, which are to be scheduled every two years. In doing so, AEY rode the wagon to a windfall in excess revenue received, and took this as their profits, including every year since 2017 and very likely to occur in this 2022 year and onward.

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<sup>6</sup> PU Act,