



Yukon NDP Caucus  
Box 2703 (A-10)  
Whitehorse, Yukon  
Y1A 2C6

September 6<sup>th</sup>, 2023

Yukon Utilities Board  
Box 3178  
Whitehorse, YT  
Y1A 6L3  
Attention: Richard Buchan, Chair

Dear Mr. Buchan,

Re: ATCO Electric Yukon 2023-2024 General Rate Application: Yukon NDP Caucus Information Requests to AEY and YUB

The Yukon NDP Caucus submits the bulk of these Information Requests (IRs) to ATCO Electric Yukon (AEY) for consideration in its 2023-2024 General Rate Application.

In addition, you will find IRs directed to the Yukon Utilities Board itself. While I recognize that this is not typical, there are important questions that are relevant to the public interest with respect to the YUBs role as a regulator of Yukon utilities and I am hopeful that the YUB will provide clarity to the public on these matters.

I hope that the responses to these IRs will also shed some light on how a Just and Reasonable rate is determined. It too often has been interpreted as what is Just and Reasonable for ATCO Electric Yukon, and that what is fair for ratepayers has not been as closely considered.

Sincerely,

A handwritten signature in black ink, appearing to read "Lane Tredger".

Lane Tredger  
MLA for Whitehorse Centre  
On behalf of Yukon NDP Caucus

ATCO Electric Yukon (AEY) 2023-2024 GRA

Information Requests of AEY and the YUB from Yukon NDP Caucus

**NDP-AEY-1-1**

**Reference: General Questions**

- What was the regulated amount of profit set by the YUB based on fair return on equity in the AEY 2016 GRA for the years 2016-2022? By how much did AEY exceed that amount in each of those years?
- What were the over earnings by AEY from years 2016-2022 spent on? How much went to shareholders and dividends? How much was reinvested in the Yukon in infrastructure?

**NDP-AEY-1-2**

**Reference: 2023-2024 AEY GRA Application**

- Table 1, page 1
- It is important that the impact of these increases is made clear to ratepayers before they are approved. The way AEY has separated out the fuel increases, and the effects this will have on riders, it is not clear to rate payers what the actual impact will be on their bills.
- *Request(s):*
  - a) Please provide three sample bills for a residential customer consuming the average amount of electricity for a residential customer in January, one under the current rates, and one each reflecting the 2023 and 2024 proposed increases.
  - b) The table indicates that AEY plans to raise the cost of electricity by 3.3% in 2023, and then by 10% in 2024. Can AEY confirm that the effective increased cost to ratepayers will be 3.3% in 2023, and then an increase of 10% in 2024 on top of the increased 2023 rate? Can AEY please confirm what the total increase to customers bills will be after the two rate changes, including fuel costs.

**NDP-AEY-1-3**

**Reference: 2023-2024 AEY GRA Application - Section 1**

- Page 21
- “AEY has seen rapid population growth as well as new Government energy transition policies and legislation aimed at increased electrification and reduced carbon emissions. These two major cost drivers can lead to conflicts as the desire for renewable energy resources often cannot meet the demand required for a population growing as rapidly as that of the Yukon. This section of the Application outlines a number of cost drivers that are a direct result of the new Government policies and legislation, as well as changes in customer demands and behaviours that cause impacts outside of the control of AEY.”
- This rapid growth also means rapid growth of the AEY customer base. Due to the dense concentration of new customers in one area of Whitehorse (Whistlebend), AEY has benefited from a rapid increase in customers with little new capital requirement.

- *Request(s):*
  - a) Can AEY provide more details on why a rapidly expanding customer base in a dense urban environment is considered a major cost driver, when it is also a leading driver of new revenues?
  - b) Can AEY provide a table showing the costs of service and revenues from the Whistlebend neighbourhood since 2020?

#### **NDP-AEY-1-4**

##### **Reference: 2023-2024 AEY GRA Application - Section 2**

- Table 2.1, page 26
- *Request(s):*
  - a) Sales appear to have been underestimated in the last AEY GRA, for example by 7.7% in the 2017 test year. Please comment on the accuracy of historic ATCO sales forecasts.
  - b) Please provide a table showing sales forecasts, actual sales, and the percentage of variance for all rate classes from 2016-2022.

#### **NDP-AEY-1-5**

##### **Reference: 2023-2024 AEY GRA Application - Section 7**

- Table 7.1, page 124
- Table 7.1 shows a significant increase in depreciation for the 2023 and 2024 test years compared to previous years. It appears to be one of the major drivers of increased costs in the GRA.
- *Request(s):*
  - a) Please clarify if the increase in depreciation expense being cited as a reason for the need to increase rate.

#### **NDP-AEY 1-6**

##### **Reference: Section 8**

- Schedule 8.2.3, page 130
- AEY states that: "AEY is requesting to link its ROE for the 2023-2024 Test Period to the soon to be determined BCUC GCOC benchmark rate plus a risk premium of 0.75 percent."
- *Request(s):*
  - a) What risks exactly does AEY face for operating in a market as a loosely regulated, government protected monopoly?
  - b) Please provide examples of the types of risks AEY faces, and the costs associated with bearing and mitigating these.
  - c) Please provide examples of instances where these risks were realized and what the costs were to AEY.
  - d) What work has AEY undertaken to reduce these risks?
- AEY states that: "In this Application, AEY has utilized the existing 8.75 percent as a placeholder and is proposing to true-up to the benchmark approved by the BCUC in its upcoming GCOC decision as part of AEY's Compliance Filing to this Application."
- *Request(s):*

- a) What is AEY’s best estimate of the forthcoming BCUC benchmark? What is that estimate based on?
  - b) Will AEY accept a reduction in ROE if the BCUC Benchmark is less than 8.75 percent?
  - c) With many economists and analysts predicting a recession in 2023 and 2024 – how can AEY justify seeking to increase its ROE for the test years, when so many other smaller businesses will be expecting a reduction in their ROE and preparing for lean years?
- Section II B, Attachment 8.1, subsection D, Figure 1 page 141
  - The Concentric Energy report provides a table with authorized ROE, equity ratios and business risk for AEY and other Canadian utilities. What this table does not present is the actual ROE for those utilities within their unique regulatory environment.
  - *Request(s):*
    - a) Please provide a table showing the authorized ROE and the actual ROE for each of the utilities listed in the table for the years 2016-2022.
    - b) Please provide the dates for all General Rate Applications for each of the utilities listed in the table dating back to 2010.
  - Section II B, Attachment 8.1, page 147
  - AEY states that the YUB “historically has not accepted the Stand-Alone principle.” AEY then provides that if the principle is not considered that the YUB should “take into consideration the benefits and cost savings that AEY customers receive through AEY’s ability to access debt and equity capital through CUI instead of on its own.”
  - If the board will not consider the Stand-Alone Principle and is assessing this GRA, as AEY has suggested, considering its parent company’s financial positions, the Yukon NDP submits the following.
  - *Request(s):*
    - a) How much was paid out by ATCO Ltd. as shareholders dividends from 2016 to 2022?
    - b) How can AEY, as a subsidiary of ATCO Ltd. be trusted to make the best decisions on behalf of ratepayers in the Yukon, when you are legally responsible to maximize profits for shareholders elsewhere in the world?
    - c) According to the ATCO Ltd. website, the responsibility of those in charge of ATCO Ltd., the ATCO Ltd. Board of Directors, is “to enhance and preserve long-term shareholder value.” How does that correspond to providing just and reasonable rates for electricity in the Yukon?

#### **NDP-AEY 1-7**

#### **Reference: 2023-2024 AEY Business Cases 1-03, 2023-2024 AEY Business Cases 04-21**

- Business cases #2-21, representing \$13,104,286 in costs, were projects primarily completed between 2017 and 2022 – well prior to the test years.
- *Request(s):*
  - a) How much of those costs, if any, were already added to the rate base?
  - b) Is AEY seeking recovery for costs related to these projects not considered retroactive rate making? If not, why not?

- c) Has AEY reinvested their over earnings to pay for any portion of these projects?  
Please explain.

#### NDP-AEY 1-8

##### Reference: AEY Response to Intervener Submissions, August 10, 2023

- Page 3
- AEY “notes that approximately 40% of the proposed capital additions are fully contributed, resulting in no impact to the requested revenue requirements in the Test Period.”
- *Request(s):*
  - a) If some of these projects are fully contributed by third parties, why are they included in the submission as a business case?
  - b) Should the submissions not be limited to those which have an affect on rates?
  - c) Can AEY clarify which business cases are fully contributed by third parties?
  - d) Can AEY Clarify which business cases are not considered in the requested revenue requirement?

#### NDP-AEY 1-9

##### Reference: AEY Response to Intervener Submissions, August 10, 2023

- Page 4, Paragraph 1
- “AEY submits that all parties have sufficient opportunity on a regular basis to review and assess AEY’s operations through the Annual Filing process and, as demonstrated through the Rate Relief Application, material issues and items that arise can be address in a limited scope between fulsome applications, as needed.”
- *Request(s):*
  - a) AEY began overearning in 2016, in the first test year of their last GRA. It took six years of overearnings before Yukoners were able to see rate relief from AEY. Is it the position of AEY that any future overearnings will be met annually with rate relief applications? If not, please explain why?
  - b) Is it the view of AEY that annual, limited scope applications promote rate stability?  
Please explain.
  - c) In the view of AEY, who is responsible for monitoring their earnings and operations and ensuring that the rates being charged are fair and reasonable as mandated by the *Public Utilities Act*, and not contributing to overearnings? Please explain.

#### NDP-AEY-1-10

##### Reference: Investor Presentation ATCO Ltd. March 2023

(<https://www.atco.com/content/dam/web/about-us/investors/Investor-Presentation-ATCO-March-2023.pdf>)

- In a presentation for investors prepared by parent company ATCO (March 2023), ATCO boasts of their market leading dividend growth.
- *Request(s):*

- a) With soaring profits leading to big payouts for shareholders outside the Yukon – why should the YUB approve the requested rate increases?
- b) In that same shareholder presentation, ATCO subsidiary Canadian Utilities Inc. shows how they over earn by more than 2% on average in Alberta for the last 10 years. Why should AEY be trusted to set rates that are fair and just, when they boast about regularly over earning in other jurisdictions?

#### **NDP-AEY-1-11**

**Reference: Investor Presentation Canadian Utilities Limited. March 2023**

**<https://www.canadianutilities.com/content/dam/web/canadian-utilities/investors/Investor-Presentation-CUL-March-2023.pdf>**

- Investor Presentation, page 18
- In a March 2023 presentation for investors by AEY parent company and ATCO Ltd. subsidiary Canadian Utilities Limited, CUL boasts of having reduced its O&M costs for electricity distribution by 11%.
- *Request(s):*
  - a) Why should Yukoners believe that the distribution costs at AEY are increasing, when they are being reduced across the board at other CUL business units?
  - b) Please explain why AEY is less efficient in its O&M costs than other CUL business units.

#### **NDP-YUB-1-1**

**Reference: *Public Utilities Act (2002)***

- While it is not the YUB making the application, there are some relevant questions of public interest in relation to the application. It would be helpful if the YUB could clarify the following.
- *Request(s):*
  - a) The YUB has a duty under the *Public Utilities Act* to ensure just and reasonable rates. AEY has been over earning its revenue requirement for eight straight years – does the YUB have a duty to consider this when responding to AEYs rate increase application. If not, why not?
  - b) Is it considered just and reasonable, in a world of increasing inequality that AEY has consistently increased dividends for shareholders and made excess profits, yet is still asking to raise rates for Yukon ratepayers, many of whom are already struggling to pay their bills?
  - c) While the revenue requirement for a utility is a minimum, and utilities are technically allowed to over earn, why has the YUB as an economic regulator, allowed AEY to over earn for so long?
  - d) Why has the board not used its order making power under section 27 and 29 (d) of the Act which grants that “the board shall by order approve the method by which and the period during which any excess revenue received or deficiency incurred is to be used or dealt with” when AEY has been earning excess revenue for years?