

October 30, 2023

Yukon Utilities Board
Box 31728
Whitehorse, YT Y1A 6L3

**Attention: Mr. Richard Buchan
Chair**

**Re: ATCO Electric Yukon (AEY)
Updates to 2023-2024 General Rate Application (GRA)**

As indicated in its letter of October 24, 2023, enclosing responses to the Yukon Utilities Board's (YUB or the Board) Information Requests (IRs) related to depreciation, AEY identified certain inaccuracies in its Application in the course of preparing those IR responses. To ensure a complete and fulsome record in advance of the Oral Hearing the following areas of the Application require correction, updating, or clarification.

A complete set of revised 2023-2024 Schedules that incorporate all the changes outlined below are attached in the AEY's Omission and Updates. Furthermore, AEY has provided both blacklined and clean versions of the Concentric Depreciation Study Report (Attachment 1) and Section 07 – Depreciation of the Application Narrative.

In its responses to IRs submitted on September 28, 2023, AEY identified the following updates to the applied for revenue requirements for 2023-2024:

AEY-UCG-023(c);

As stated in the response to this IR, the line loss has dropped from 6.2 percent to 6.0 percent. This revision to the line loss percentage has been included in the revised schedules, S3.2, Line 4.

AEY-UCG-050(b);

As stated in the response to this IR, the 2023 Actuarial report is now available, and as the pension costs are under deferral treatment, the revenue requirement has been updated to minimize the deferred balances requiring future settlement. This

revision has been included in the revised schedules, S8.4, Line 20 and S5.2, Line 311.

AEY-UCG-050(f);

As stated in the response to this IR, AEY identified an inadvertent accounting error in the preparation of Schedule 8.8. This revision has been included in the revised schedules, S8.8, Lines 47 through 49.

AEY-YUB-041(a)(viii), AEY-YUB-041(b)(vii), AEY-YUB-041(b)(viii), AEY-YUB-054(d), AEY-YUB-062(a), and AEY-JM-013(a);

The above IRs were all related to issues identified on Schedule 9.2. An updated Schedule 9.2 has been included in the revised schedules. Please note that this is the same updated version of Schedule 9.2 that was included in AEY 2023-2024 GRA - Response to Motions & Directions on October 27, 2023.

In the responses to IRs regarding the Depreciation Study, submitted on October 24, 2024, AEY identified the following updates to the applied for revenue requirements for 2023-2024:

AEY-YUB-2-001(b);

As stated in the response to this IR, AEY identified that it inadvertently had not updated the contribution amortization for the updated depreciation parameters. This revision has been incorporated in the revised schedules, S8.12, Line 8.

AEY-YUB-2-001(n);

As stated in the response to this IR, AEY has identified that it inadvertently blended some net salvage accumulated depreciation balances with life accumulated depreciation balances. This revision has been incorporated in the revised Schedule, S7.4, multiple lines.

Further, in the examination of its Hydro accounts, Account 331.00 to 335.00, AEY identified that some retirements were inadvertently misclassified within these accounts. This revision has been incorporated in the revised Schedules, S7.3, Lines 3 and 4.

The updated response to AEY-YUB-2-001(n) parts (i) and (v) are as follows:

AEY-YUB-2-001(n)(i) Provide historical information or events explaining why account 333.00 remain significantly over-recovered in terms of book -accumulated depreciation balances that exceed the calculated accumulated depreciation balances.

AEY Response:

The amortization of reserve differences continues to true up differences to the accumulated depreciation over the probable remaining life of that specific account. For accounts that have longer average service lives, any surplus or deficiency in accumulated depreciation may take considerable time to true up, as is the case account 333.00. AEY further notes that this account was in a surplus position in its last depreciation study and a proposed life extension in the current study has increased this surplus and as such will remain in a surplus position until sufficient time passes to true up this difference via the amortization of reserve differences mechanism all other factors held constant.

AEY-YUB-2-001(n)(v) Explain why accounts 334.00 and 335.00 indicate negative book-accumulated depreciation — life balances.

AEY Response:

Per the within Application update, these accounts are no longer in negative book accumulated depreciation – life positions. Account 334.00 now has an accumulated depreciation – life balance of \$92,046, and Account 335.00 is now \$17,611.

AEY-YUB-2-004(b), AEY-YUB-2-005(c), AEY-YUB-2-006(b), and AEY-YUB-2-007(c)

As stated in the responses to these IRs, AEY has engaged Concentric to update the classification of assets within the Hydro Generation Category. Accounts 331 through 335 have been reallocated, and the depreciation calculation and actuarial

analysis has been redone. This revision has been incorporated into the updated Concentric Report.

The updated responses to the following IRs are as follows:

AEY-YUB-2-004(b) Please confirm there were no asset retirements prior to 2013 for Account 331.00 — Hydro generation plant — Structures and improvements.

AEY Response:

To the best of AEY's knowledge, this is confirmed as per AEY's last depreciation study "Retirement history of assets in each specific accounts were not available for review. As such, Gannett Fleming recommends the incorporation of the survivor curve estimates for the respective Hydraulic accounts be based upon Yukon Electric Corporation's (YEC) survivor curve estimates as submitted to the Yukon Utilities Board at this time."¹ AEY has checked its records and does not have any better information regarding the retirement history of its Hydraulic accounts pre-2011 and notes that no retirements occurred in 2012.

AEY-YUB-2-005(c) Please confirm that there were no asset retirements or NS costs prior to 2019 for Account 332.00 — Hydro generation plant — Reservoirs, dams and waterways. If not confirmed, please explain the range of dates used in the net salvage study (2019-2022).

AEY Response:

To the best of AEY's knowledge, this is confirmed as per AEY's last Depreciation Study: "Retirement history of assets in each specific accounts were not available for review. As such, Gannett Fleming recommends the incorporation of the survivor curve estimates for the respective Hydraulic accounts be based upon Yukon Electric Corporation's (YEC) survivor curve estimates as submitted to the Yukon Utilities Board at this time."¹ AEY has checked its records and does not have any better information regarding the retirement history of its Hydraulic accounts pre-2011 and notes that no retirements occurred from 2012 to 2018.

¹ Gannett Flemming Depreciation Study, PDF p. 35. Provided in response to the Depreciation IRs on October 24, 2023, as AEY-YUB-2-005(a) Attachment 1.

AEY-YUB-2-006(b)

Please confirm there were no asset retirements or NS costs prior to 2019 for Account 333.00 — Hydro generation plant — Water wheels, turbines, and generators.

AEY Response:

Not confirmed. As a result of AEY's depreciation update filed in this response, Account 333.00 - Hydro generation plant – Water wheels, turbines and generators now shows a retirement and related cost of removal in 2013.

AEY-YUB-2-007(c)

Please confirm that there were no asset retirements or net salvage costs prior to 2019 for Account 335.00 — Hydro generation plant — Miscellaneous power plant equipment. If not confirmed, please explain the range of dates used in the net salvage study (2019-2022).

AEY Response:

Not confirmed. As a result of AEY's depreciation update filed in this response, Account 335.00 - Hydro generation plant – Miscellaneous power plant equipment now shows a retirement and related cost of removal in 2013.

AEY-YUB-2-016(a) and AEY-UCG-2-002(b-c)

As stated in the responses to these IRs, AEY identified that certain retirements and gross salvage were inadvertently missed for 15 transformers in Account 368.00 - Distribution plant - Line Transformers. This revision has been incorporated into the revised Schedules, S7.2 and 7.3, Line 31 and S8.7, Line 10.

AEY-YUB-2-022(b)

As stated in the response to this IR, adjustments were required to Accounts 391.00 - Office Furniture and Equipment, 391.10 - Computer Hardware & Voice and Data Network Equipment, 391.22 - Computer Software and Applications Major (10-year), and 394.00 - Tools, Shop, Garage, Stores and Laboratory Equipment to remove balances in order to calculate the correct depreciation rate for the

amortized account. This revision has been incorporated into the revised Schedules, S7.2 and 7.3, Lines 41, 42, 43 and 46 and S8.7, Lines 22, 24, 26.

The total impact of the changes outlined above on Revenue Requirement is outlined in the table below.

**Table 1: Revenue Requirement
(\$000)**

Description	Updated Schedules ¹		Previous Schedules ²		Difference	
	2023	2024	2023	2024	2023	2024
Purchase Power	29,762	30,944	29,778	30,961	(16)	17
Fuel	9,181	9,023	9,181	9,023	-	-
Operations and Maintenance	14,500	14,755	14,609	14,863	(109)	(108)
Property Taxes	285	292	285	292	-	-
Depreciation	8,664	10,596	8,695	10,574	(31)	23
Amortization of Contributions	(2,077)	(2,389)	(2,159)	(2,528)	82	139
Amortization of Deferred Charges & Credits	(204)	(113)	(234)	(143)	30	30
Return on Rate Base	8,282	9,122	8,283	9,128	(1)	(7)
Income Taxes	(2,588)	970	(2,618)	901	30	69
Total Revenue Requirement	65,808	73,203	65,821	73,070	(16)	130

¹ 2023-2024 GRA Regulatory Schedules – Omissions & Updates, filed on October 30, 2023.

² 2023-2024 GRA Regulatory Schedules – Updated for Dep Study, filed on September 11, 2023.

We trust the foregoing is satisfactory. If you have any questions, please contact me at Elizabeth.Rogers@atco.com or (780) 919-8190.

Yours truly,

Beth Rogers, CPA CMA
Director, Regulatory