

September 28, 2023

AEY-NDP-001

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-001

Reference: General Questions

Requests:

- (a) 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?
- (b) 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?

Response:

- (a) Please refer to the response to AEY-UCG-042(d).
- (b) AEY funds its capital investments with a combination of long-term financing and equity funding, ensuring it maintains the Board approved common equity ratio of 40 percent. AEY invested in over \$58 million of capital infrastructure from 2016-2022. System and customer growth also require growing working capital requirements, which AEY has funded internally, in addition to funding the higher operating costs than what was included in the 2017 approved revenue requirement. Equity in excess of the approved common equity ratio is paid out to shareholders through dividends. Dividend payments, as noted in AEY's annual Financial Statements filed with the Board, are as follows:

**Table 1: Dividend Payments
(\$Millions)**

	2016	2017	2018	2019	2020	2021	2022
Dividend Payments	0.00	3.75	4.20	5.50	6.50	5.90	2.90

September 28, 2023

AEY-NDP-002

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-002

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.

Requests:

- (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.

Response:

- (a) In Board Order 2023-22 received on September 15, 2023, the Board denied AEY's requested 2023 Rider R rate decrease and approved an Interim Rate Adjustment Rider R increase of 2.5 percent resulting in a total Rider R of 10.8 percent. Therefore, in this response, AEY is providing sample bills based on the current rates and the Interim Rate Rider R of 10.8 percent effective January 1, 2024. Please refer to AEY-NDP-002(a) Attachment 1 for the sample bills with the current rates and the approved Rider R increase.

September 28, 2023

AEY-NDP-002

- (b) Not confirmed. The overall rate increase (including fuel costs) over primary retail revenue on existing rates is 3.3 percent in 2023. However, while the rate increase (including increased fuel costs) over existing rates for 2024 is 10 percent, the incremental rate increase for 2024 is 6.7 percent once you factor in the 2023 increase of 3.3 percent.

With respect to estimating final rate increases in the middle of 2024 (once all costs are incorporated into Rider F) and having regard to the complexities associated with the timing in implementation of the different riders, AEY is not able to precisely quantify the total increase to customers' bills, including fuel costs. In an effort to be helpful, based on preliminary high-level estimates, the rate increases are expected to be below the proposed 3.3 percent rate change for 2023 below and the proposed 6.7 percent rate change for 2024, as referenced above.

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Sample Monthly Residential Bill - Non-government Hydro Rate 1160
Current Rates Effective September 1, 2023**

Line No.						
1	Consumption	800 kWh				
2			Rate			Charge
3						
4	Customer Charge (per month)		\$ 14.65			\$ 14.65
5						
6	Block 1 Energy Charge 1000 (\$/kWh)		\$ 0.1214	x	800	\$ 97.12
7	Base Rate					<u>\$ 111.77</u>
8						
9	Fuel Adjustment Rider \$/kWh		\$0.01635	x	800	\$ 13.08
10	Rider J and J1 YEC Shortfall		37.85%	x	\$ 111.77	\$ 42.30
11	Rider R and R1 AEY Adjustment		8.30%	x	\$ 111.77	\$ 9.28
12	Rider S Purchase Power Adjustment Rider		\$0.00100	x	800	\$ 0.80
13	Interim Electrical Rebate		-\$0.02262	x	800	<u>\$ (18.10)</u>
14	Sub-Total					<u>\$ 159.13</u>
15						
16	GST		5.0%	x	\$ 159.13	\$ 7.96
17	TOTAL including GST					<u>\$ 167.09</u>

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Sample Monthly Residential Bill - Non-government Hydro Rate 1160
Approved 10.8% Rider R (Board Order 2023-22) Effective: January 1, 2024**

Line No.		Rate			Charge
1	Consumption			800 kWh	
2					
3					
4	Customer Charge (per month)	\$ 14.65			\$ 14.65
5					
6	Block 1 Energy Charge 1000 (\$/kWh)	\$ 0.1214	x	800	\$ 97.12
7	Base Rate				\$ 111.77
8					
9	Fuel Adjustment Rider \$/kWh	\$0.01635	x	800	\$ 13.08
10	Rider J and J1 YEC Shortfall	37.85%	x	\$ 111.77	\$ 42.30
11	Rider R and R1 AEY Adjustment	10.80%	x	\$ 111.77	\$ 12.07
12	Rider S Purchase Power Adjustment Rider	\$0.00100	x	800	\$ 0.80
13	Interim Electrical Rebate	-\$0.02262	x	800	\$ (18.10)
14	Sub-Total				\$ 161.92
15					
16	GST	5.0%	x	\$ 161.92	\$ 8.10
17	TOTAL including GST				\$ 170.02

September 28, 2023

AEY-NDP-003

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-003

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.

Requests:

- (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?

September 28, 2023

AEY-NDP-003

Response:

- (a) Please refer to the response to AEY-UCG-051(e).
- (b) AEY is unable to provide this information as AEY does not track the costs of service at the level of granularity requested.

September 28, 2023

AEY-NDP-004

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-004

Reference: 2023-2024 AEY GRA Application - Section 2
Table 2.1, page 26

Requests:

- (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.

Response:

- (a) AEY submits that sales for 2017 exhibited relatively high growth whereby the Filed and Approved forecasts both resulted in larger variances than usual when compared to normalized actuals. However, as illustrated in the table below, over the five-year period prior to the 2016-2017 GRA, AEY's Actual sales averaged -0.4 percent variance compared to the Filed forecasts and -2.2 percent variance compared to the Approved forecasts.

**ATCO Electric Yukon Sales Variance
2008-2009 GRA, 2023-2015 GRA, 2016-2017 GRA Forecasts**

Year	Forecast (MWh)	Actual (Normalized) (MWh)	Variance	
			(MWh)	(%)
2008 Filed	269,913	269,799	-114	0.0
2008 Approved	275,224	269,799	-5,425	-2.0
2009 Filed	272,054	275,425	3,371	1.2
2009 Approved	278,133	275,425	-2,708	-1.0
2013 Filed	309,891	313,442	3,550	1.1
2013 Approved	309,894	313,442	3,547	1.1
2014 Filed	315,876	309,961	-5,915	-1.9
2014 Approved	323,823	309,961	-13,863	-4.3
2015 Filed	321,818	314,658	-7,160	-2.2
2015 Approved	330,274	314,658	-15,616	-4.7
2016 Filed	303,736	315,209	11,293	3.7
2016 Approved	309,164	315,209	5,865	1.9
2017 Filed	309,433	331,209	21,776	7.0
2017 Approved	322,656	331,209	8,552	2.7

- (b) There were no sales forecasts submitted beyond the 2016-2017 GRA. Please refer to the table in response to part (a) for all historical comparisons available prior to 2018.

September 28, 2023

AEY-NDP-005

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-005

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.

Requests:

- (a) Please clarify if the increase in depreciation expense being cited as a reason for the need to increase rate.

Response:

- (a) Please refer to the response to AEY-UCG-041(a).

September 28, 2023

AEY-NDP-006(1)

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-006(1)

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."

Requests:

- (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?

Response:

- (a) AEY does not agree with the characterization that it is loosely regulated, or government protected. AEY is subject to and operates in accordance with the requirements of, among other statutes, regulatory requirements, and government policies, the *Public Utilities Act* as well as the oversight of the Board.
- (b-c) Please refer to the response to AEY-JM-022(b).
- (d) Please refer to the response to AEY-YUB-027.

September 28, 2023

AEY-NDP-006(2)

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-006(2)

Reference: Section 8

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."

Requests:

- (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?

Response:

- (a-b) Please refer to the response to AEY-YUB-022. AEY would accept the BCUC ruling as proposed in its Application, regardless of the direction.
- (c) Under utilities legislation in Canada, including Section 32 of the *Public Utilities Act*, utilities are entitled to earn a fair return on rate base. This principle was confirmed by the Supreme Court of Canada in 1929 as follows:

The duty of the Board was to fix fair and reasonable rates; rates which under the circumstances, would be fair to the consumer on one hand, and which, on the other hand, would secure to the company a fair return for the capital invested. By a fair return is meant that the company will be allowed

September 28, 2023

AEY-NDP-006(2)

as large a return on the capital invested ... as it would receive if it were investing the same amount in other securities possessing an attractiveness, stability and certainty equal to that of the company's enterprise.¹

In essence, a fair return is reflective of what investors could expect in the market and is influenced by a variety of factors such as, but not limited to, level of risk, and economic conditions. The Board has historically relied on the BCUC benchmark to be reflective of a fair benchmark for Yukon market conditions and has allowed a premium for risks unique to the operational circumstances of AEY. The BCUC determinations have recently been made (September 5, 2023), which incorporated the most recent available economic inputs (including the impact of rising interest rates), and it is fair to accept that they are reflective of the expected market response to economic conditions.

¹ [Northwestern Utilities Ltd. v. Edmonton \(City\)](#), [1929] SCR 186 at 192-93, [1929] 2 DLR 4 [Tab *].

September 28, 2023

AEY-NDP-006(3)

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-006(3)

Reference: Section 8

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.

Requests:

- (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.

Response:

- (a-b) Please refer to the responses to AEY-JM-025(a) and AEY-JM-025(b).

September 28, 2023

AEY-NDP-006(4)

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-006(4)

Reference: Section 8

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.

Requests:

- (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?

Response:

- (a-c) AEY respectfully submits that the dividends paid by ATCO Ltd., assertions regarding ATCO Ltd. shareholders, and statements made by the ATCO Ltd. Board of Directors are not relevant to this Proceeding and declines to provide the

September 28, 2023

AEY-NDP-006(4)

requested information pursuant to Rule 14(4)(a) of the YUB *Rules of Practice*. AEY is a regulated Yukon utility, its right to recover prudent costs, and its right to earn a fair return are subject to review by the Board. In determining the system requirements and operational needs within this Application, it is AEY's commitment to continuously strive for and maintain the highest standards of safe and reliable service while meeting the complex and diverse needs of its customers.

September 28, 2023

AEY-NDP-007

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-007

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.

Requests:

- (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.

Response:

- (a) Please refer to the response to AEY-UCG-065(b).
- (b) Including the costs for these projects in rate base does not constitute retroactive rate making. Please refer to the response to AEY-UCG-065(b).
- (c) AEY reinvests based on allowable equity thickness as approved by the Board.

September 28, 2023

AEY-NDP-008

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-008

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.”

Requests:

- (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?

Response:

- (a-b) AEY included the Business Cases for contributed projects to aid in the explanation of capital expenditures and to provide the reader with a fulsome Application. Schedule 9.2 of the Application outlines capital expenditures but does not show whether a project is funded through a customer contribution, so AEY has included this additional context in the relevant Business Cases. For example, on Schedule 9.2. Kluane First Nation Wind Turbine Upgrades¹ shows an estimated capital spend of \$4.2 million. Without the Business Case,² it may not have been

¹ 2023-2024 AEY GRA, Regulatory Schedules, Schedule 9.2, Line No. 133.

² 2023-2024 AEY GRA, Kluane Wind Turbine Integration, Business Case #37.

September 28, 2023

AEY-NDP-008

clear that this project is fully contributed by a third party. Furthermore, although contributed projects have no impact on requested revenue requirements in the Test Period, contributed projects will have an ongoing impact on revenue requirement outside of the Test Period, as the ongoing operations and maintenance of the infrastructure associated with contributed projects would be included in revenue requirement.

- (c) Business Cases 35, 36, 37, and 38 are fully contributed by third parties.
- (d) AEY confirms that Business Cases 35-38 mentioned in part (c) above as well as Business Cases 39-41 are not included in revenue requirement during the Test Period. Please also refer to the response to part (a-b) above.

Business Cases 39-41 are for capital projects which will not result in capitalized costs during the Test Period, but which are forecast to result in certain uncapitalized costs during the Test Period (or in the years 2016 to 2022) as well as large capital expenditures subsequent to the Test Period. AEY has included these Business Cases in the Application even though costs incurred during the Test Period will not be capitalized, in an effort to be transparent and to notify the Board and other stakeholders regarding larger upcoming capital expenditures.³

³ 2023-2024 AEY GRA, Section 9, para. 22, PDF p. 181.

September 28, 2023

AEY-NDP-009

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-009

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.”

Requests:

- (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.

Response:

- (a) It is not AEY’s position that earnings in excess of what is in approved revenue requirement will be met with annual rate relief applications. AEY’s 2022 Rate Relief Application was prepared and filed with a view to mitigating the exceptional hyperinflation experienced in 2022, in alignment with government initiatives addressing the same issue.

Under the regulatory framework, utilities are incentivized to find efficiencies and cost savings on a go-forward basis and are entitled to benefit from any efficiencies achieved until rates are reset. For example, the efficiencies realized by AEY since its last GRA have been incorporated into the cost forecasts included in the Application and will be passed through to customers in the revenue requirements approved by the Board. Regulated utilities such as AEY are entitled to recover their prudent costs and to earn a fair return on and of capital. Both are widely accepted regulatory principles that the request appears to overlook. In accordance with the above referenced regulatory principles, AEY will continue to look for ways to find efficiencies to the benefit of both customers and its shareholders.

- (b) No, it is not AEY’s view that annual limited scope proceedings will promote rate stability as there can be large swings, year over year, which would lead to less rate stability (for example, hyperinflation in 2022 and supply chain issues). Since, AEY did not file an Application since the 2016-2017 GRA, customers were on the same rates for six years which provides more rate stability than changing rates every year.

In addition, Rate Applications, even those of a limited scope, are quite costly for customers, as indicated in Table 1 below. Even though the scope of an application may be limited, a full and robust process would be required to ensure fair and reasonable rates are set.

**Table 1: General Rate Application (GRA)
Cost Awards**

Applicant	AEY	AEY	YEC	YEC
GRA	2013-2015	2016-2017	2017-2018	2021
Board Order	2014-11	2017-07	2019-03	2023-02
Total Costs Awarded	\$587,767.15	\$532,124.23	\$882,982.97	\$903,487.96

September 28, 2023

AEY-NDP-009

- (c) Please refer to AEY's response to part (a) above. With regards to the process for setting just and reasonable rates, please refer to the Mandate of the Board¹ and the *Public Utilities Act*.

¹ <https://ykonutilitiesboard.yk.ca/about/mandate-of-the-board/>.

September 28, 2023

AEY-NDP-010

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-010

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.

Requests:

- (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?

Response:

- (a) AEY has submitted its Application on a prospective basis. The benefits realized since AEY's last application through efficiencies, growing customer base and changes in government policies have been contemplated in AEY's forecast and passed through to customers in the applied-for revenue requirement. The rate increase in 2024 is largely driven by inflationary pressures, capital requirements to ensure safe, reliable service and AEY's response to Federal and Territorial carbon reduction targets, all as demonstrated in the Application.
- (b) AEY does not consider the performance of its affiliates and/or parent company in other jurisdictions to be relevant to this Proceeding, nor does AEY set rates. Indeed, the setting of just and reasonable rates falls squarely within the purview of the Board.

September 28, 2023

AEY-NDP-011

**ATCO Electric Yukon (AEY)
2023-2024 General Rate Application (GRA)**

**Information Responses Round 1 to:
Yukon NDP Caucus (NDP)
Received: September 6, 2023**

AEY-NDP-011

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%.

Requests:

- (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.

Response:

- (a-b) The 11 percent statistic in the above-referenced Canadian Utilities Limited Investor Presentation describes a reduction in operating costs per km of line, adjusted for inflation, and not an overall reduction to Canadian Utilities Limited O&M costs. However, the performance of AEY's affiliates or parent company, which are separate businesses that vary in size, operations and operate under different regulatory structures is not relevant to this Proceeding. Accordingly, AEY declines to respond pursuant to Rule 14(4)(a) of the YUB Rules of Practice.