

July 31, 2023

Mr. Richard Buchan
Chair of the Yukon Utilities Board
Box 31728, Whitehorse, Yukon Y1A 6L3

Cc. Hon. John Streicker, Minister of Energy, Mines and Resources
Hon. Ranj Pillai, Premier of the Yukon

Subject: CFIB calling on Yukon Utilities Board to reject ATCO Electric rate hike application

Dear Mr. Richard Buchan:

On behalf of the Canadian Federation of Independent Business (CFIB) and our over 150 small business members in Yukon, we are writing to urge the Yukon Utilities Board to reject ATCO Electric Yukon's recent application to raise electricity rates by 5.2 per cent above current levels as of January 1, 2024.

CFIB's latest survey data shows only half of small businesses are back to making normal sales while the majority continue to deal with significant pandemic-related debt and stress. The average small business owner in Canada is staring down roughly \$60,000 in debt, and an alarming 19% of businesses are considering closing their doors.

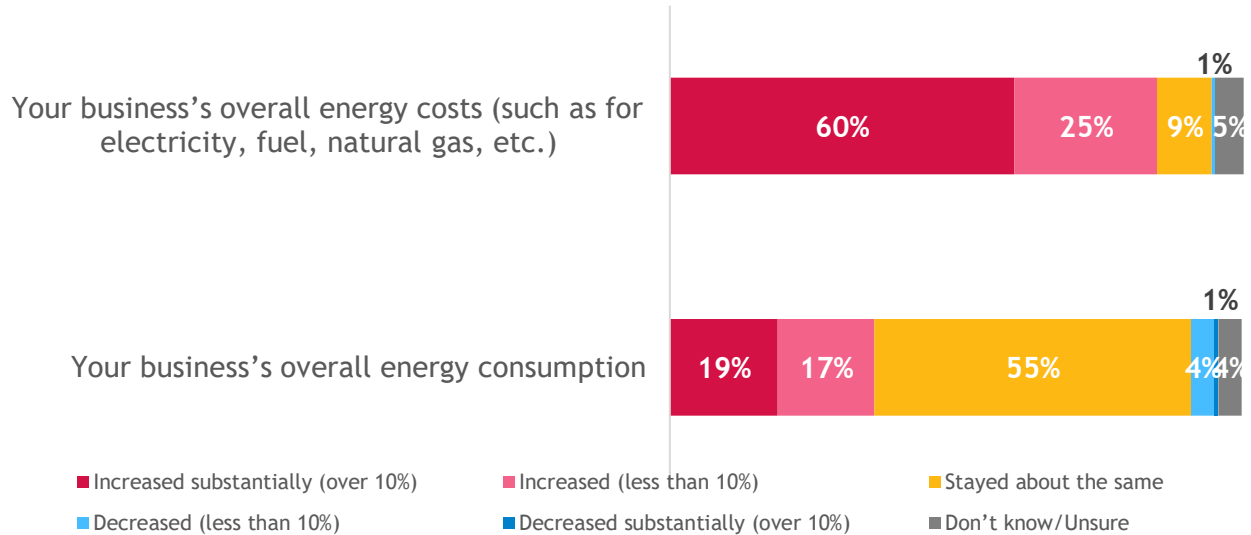
Small businesses are currently grappling with many challenges that are impacting their survival. These challenges include declining revenues, mounting debt, soaring inflation, rising food, rent, and wage costs, the burden of the carbon tax, and higher Canada Pension Plan and Employment Insurance premiums. A 5.2 per cent electricity rate increase will come as a yet another blow to Yukon small business owners who are already stretched thin. Once rising fuel costs are taken into consideration this rate increase will be closer to 10 per cent for ratepayers. Small businesses simply cannot afford to take on these additional costs at this time.

While we recognize that ATCO must not only rebuild and strengthen its infrastructure to better service Yukon residents but also comply with federal and territorial emission reduction targets, it is worth noting that ATCO's regulated return on equity (ROE) averaged 13 per cent between 2018 and 2022 - far exceeding the authorized ROE of 9 per cent. At the same time, the average power consumption per commercial customer decreased by 6 per cent. For small businesses to be charged higher electricity rates to fund ATCO's development plans on their already burdened backs seems unreasonable.

Over the past 12 months, fuel/energy costs have consistently been identified by our members as one of the top cost constraints preventing small businesses from growing. According to CFIB survey data from January 2023, 84 per cent of Canadian small businesses have seen their energy costs increase despite their energy consumption staying about the same or decreasing (see Figure 1).

Figure 1

Please indicate how the following have changed in your business in the past 12 months. (Select one for each line).

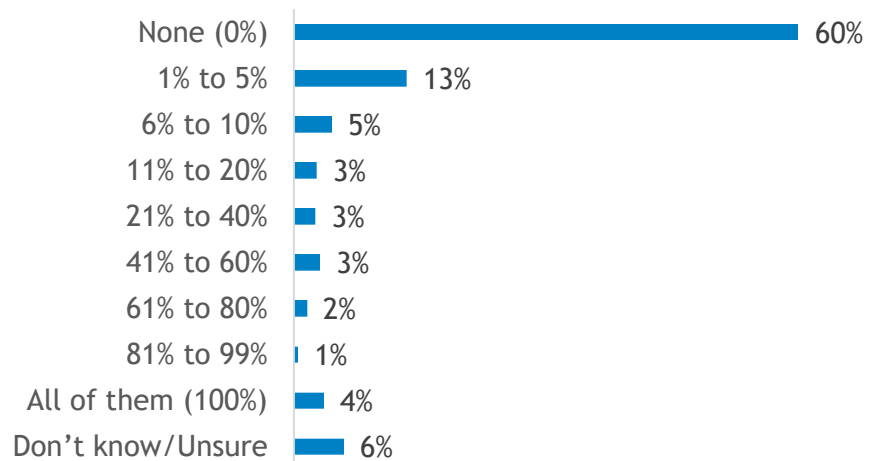


Source: CFIB. January 2023 Your Voice Survey, Jan 18-31, 2023. Final Results, CAN n=2,995.

This is even more concerning, considering that 90 per cent of small businesses indicate they cannot pass these increased energy costs onto their customers (see Figure 2). They are simply forced to absorb these costs, further eroding their bottom lines.

Figure 2

How much of your business's increased energy costs are you able to pass on to your customers? (Select one).



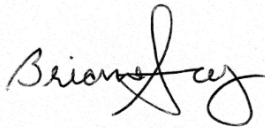
Source: CFIB. January 2023 Your Voice Survey, Jan 18-31, 2023. Final Results, CAN n=2,540.

Small business owners have appreciated measures introduced by the Yukon Government to help offset electricity costs such as the Inflation Relief Rebate and the Interim Electrical Rebate. However, come the new year, a sudden, sharp increase in electricity costs will limit small businesses' ability to create jobs, make productive investments, and support the local economy. Given all the challenges small businesses are facing, CFIB is calling on the Board to freeze electricity rates until economic conditions improve.

If these rate increases are indeed necessary to modernize the grid and comply with federal and territorial emission reduction targets, CFIB suggests that the Board approves a staged increase stretched out over the next few years rather than implementing a significant hike in just one year. This approach will allow small businesses more time to adjust and adapt to these changes without being overwhelmed by an immediate burden in times of substantial cost pressures.

Thank you for considering the concerns of Yukon small business owners. It is our hope that the Yukon Utilities Board will limit electrical rate increases, and instead emphasize the need for ATCO to continue reducing its costs. If you wish to discuss this matter further, please don't hesitate to contact us at (306) 713-8071 or email: Brianna.Solberg@cfib.ca.

Sincerely,



Brianna Solberg
Director of Legislative Affairs



SeoRhin Yoo
Policy Analyst