

## **Yukon Utilities Consumers' Group IRs to AEY regarding Depreciation Parameters**

1. *Reference: AEY Application, page 7-1 and accompanying changes from Depreciation Study*  
AEY states “*The annual increases in depreciation expense from 2018-2022 are due to growth in property, plant and equipment. The increases from 2022 to 2023 and 2024 are mainly driven by the restart of Net Salvage collection.*” “*As AEYs current assets continue to age there is an increase forecast of removals (Table Salvage Depreciation). In addition, there are larger projects that will require salvage work, such as Old Crow Project.*”

*Request:*

- a. Define and explain each cost related to salvage work and site restoration costs that are to be included in the depreciation expense for 2018-2022 identified in this Application and Depreciation study.
  - b. Provide details of the accumulated amount for net negative salvage since 2016 including any reductions as salvage costs are incurred.
  - c. Explain how AEY treated the difference between the depreciation expense allowed to be recovered in rates in 2016, 2017, 2018, 2019, 2020, 2021, and 2022 and the depreciation expense actually incurred in the above years.
  - d. Provide specific calculations related to assets being added to rate base that result in an increase in depreciation expense of \$5.835 million in 2016 to \$8.695 million in 2023.
  - e. Explain with a chart how the forecast net salvage will result in changes for the two test years (i.e. changes to depreciation and changes to revenue requirements for each year.)
  - f. Explain how this concentric report changes will affect the depreciation and revenue requirement from the AEY application.
2. *Reference: Assessment of current AEY Assets used in Concentric Study*
    - a. Provide all AEY assets greater than \$100,000 currently being used to provide ratepayers with a service.
    - b. Provide any AEY assets not currently being used to provide ratepayers with a service that is included in depreciation report.
    - c. If there are some of these assets not currently used or useful, explain rationale of how intergenerational inequities are to be regulated for these.
3. *Reference: Depreciation and Net Salvage Expenses as a percentage of Revenue Requirement for 2023 Test Year.*
    - a. Since depreciation expense will make up a significant portion in the applied for revenue requirement, provide an updated chart demonstrating the net impact on the forecast revenue requirement for the 2023 test year with dollar amounts and percentage amounts for capital costs, depreciation increase, net salvage increase, deferred cost of amortization, increase in working capital, long-term debt cost, and ROE increase.
    - b. Provide same chart for forecast 2024 test year.

4. *Reference: Various Depreciation Accounts*
  - a. Provide all assets that have been replaced since 2016.
  - b. Have any of these replaced assets been retired? Explain how this has been accounted for.
  
5. How much did this Concentric report cost and explain if and how this will be accounted for in the rate case costs.