



March 15, 2023

Yukon Utilities
Board Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Mr. Richard Buchan
Chair

**Re: Joint Submission by ATCO Electric Yukon and Yukon Energy Corporation
(the Utilities) - Rate Rebasing
Reply Submission**

In accordance with Board Order 2023-04, dated January 20, 2023, please find enclosed the Utilities joint Reply Submission.

Please contact the undersigned if you have any questions about this submission.

Sincerely,

ATCO Electric Yukon

Chris

Cullingham

Chris Cullingham

Manager, Regulatory

chris.cullingham@atco.com

Digitally signed by Chris Cullingham
DN: cn=Chris Cullingham, o=ATCO,
ou=ATCO,
email=chris.cullingham@atco.com, c=CA
Date: 2023.03.15 14:14:12 -06'00'

Yukon Energy Corporation

Ed Mollard

Vice President, Finance and CFO

Ed.Mollard@yec.yk.ca



**ATCO Electric Yukon (AEY) & Yukon Energy Corporation (YEC)
Joint Proposal – Rate Rebasing**

REPLY SUBMISSION

MARCH 15, 2023

I. INTRODUCTION

1. On July 12, 2022, the Yukon Utilities Board (YUB or Board) issued Board Order 2022-07, which included a directive to Yukon Energy Corporation (YEC) and ATCO Electric Yukon (AEY), collectively (the Utilities), to provide a proposal on incorporating “riders into existing base rates” to address potential customer confusion around the application of riders.
2. On January 9, 2023, the Utilities filed their submission in response to this direction. In their response, the Utilities discussed important considerations for addressing the direction, including:
 - (i) the postage stamp rate design in the Yukon and relevant rate design regulations, including OIC 1995/090 Section 2.1(1) which requires that any rate adjustments must apply equally, when measured as percentages, to all classes of retail customers and the class of major industrial customers;
 - (ii) the common billing system shared by the Utilities which is currently scheduled for replacement; and
 - (iii) the various line items listed on the bill, including Base Rates, Base Rate Adjustment Riders, Stabilization Mechanisms and other Temporary Riders, and Government subsidies.
3. In light of the above considerations, the Utilities’ submission provided four options for addressing the Board direction, including:
 - Option 1: Maintaining the status quo;
 - Option 2: Roll existing Base Rate Adjustment Riders into Base Rates;
 - Option 3: Roll Base Rate Adjustment Riders into Base Rates through a limited scope Phase 2 GRA; and
 - Option 4: Roll Base Rate Adjustment Riders into Base Rates on the bill statements only.
4. Ultimately, the Utilities recommended Option 4 because it is practical, would address the YUB’s direction on an ongoing basis, and meet the considerations outlined above at a relatively lower cost than other options.

5. On February 15, 2023, the Utilities received Information Requests (IRs) from John Maissan (Mr. Maissan), the Utilities Consumers' Group (UCG), Nathaniel Yee (Mr. Yee) (collectively the Interveners), and the Board.
6. On March 1, 2023, the Utilities responded to the IRs.
7. On March 8, 2023, the Interveners provided their final submissions. (UCG final submission was provided on March 9, 2023).

II. SCOPE OF THE PROCEEDING

8. The Utilities emphasize that the scope of the proceeding is narrow and must remain focused on addressing the Board directive from Order 2022-07. That is, attempting to reduce potential customer confusion around the application of riders with a proposal on incorporating riders into existing base rates.
9. While the Intervener submissions are addressed in more detail below, discussions around fuel forecasts or Rider F, bill estimates, or overall rate design related matters should all be regarded as beyond the scope of this proceeding, lacking evidence on which to make a well-founded decision, and should appropriately be disregarded when contemplating the proposal before the Board.
10. Failure to address any matter raised by an Intervener does not constitute agreement with the Intervener's position on that issue.

III. REPLY TO INTERVENER SUBMISSIONS

A. Discussion of the Utilities' proposal

11. Mr. Maissan supported the Utilities' proposal to pursue Option 4 as "the most practical and cost effective for customers".¹
12. UCG does not directly comment on the proposal however appears to suggest some problems would be "eliminated if each utility would have rolled in all riders

¹ Mr. Maissan's Submission, page 1.

into the base rates each time there is/was a review.”² This comment appears at least partially aligned with adopting the proposal – i.e., Base Rate Adjustment Riders will be incorporated on statement display on an ongoing basis, following General Rate Applications.

13. Mr. Yee suggests all options considered “pretty much maintain the status quo”³ from a customer perspective and suggests the proposed Option 4 may introduce changes to customers’ bills.⁴ Instead, Mr. Yee proposes an alternative solution, which the Utilities will address in more detail below.
14. The Utilities agree with Mr. Maissan that Option 4 is the most practical and cost effective option for customers. The Utilities submit there also appears to be partial support from the UCG.
15. The Utilities disagree with Mr. Yee that the proposed Option 4 maintains the status quo. As addressed in the original submission and in responses to Information Requests, the proposed Option 4 addresses the Board concern regarding the Base Rate Adjustment Riders, Rider J and Rider R. As discussed in response AEY-YEC-YUB-02, the Utilities submit that customers’ total bills will remain the same, despite Mr. Yee’s calculations.
16. Accordingly, the Utilities submit that the proposed Option 4 should be considered the most practical and cost-effective option in response to the Board directive.

B. Alternative proposals raised by Interveners

Combine Rider R and Rider R1

17. Mr. Maissan recommended that AEY’s Temporary Adjustment Rider (R1), be combined with the AEY’s Base Rate Adjustment Rider on the bill statement.⁵

² Roger Rondeau Email, paragraph 4.

³ Mr. Yee’s Submission, paragraph 7.

⁴ Mr. Yee’s Submission, paragraph 8.

⁵ Mr. Maissan’s Submission, page 2.

18. As responded in AEY-YEC-JM-05, AEY's Adjustment Rider (R1) is categorized along with Stabilization Mechanisms and other Riders, which adjust more frequently than Base Rate Adjustment Riders. Rider R1 is currently scheduled to expire on March 31, 2023. With higher variability from month-to-month, the Utilities believe that increased transparency on these riders may allay some customer service concerns. As such, the Utilities only proposed to incorporate the more stable, less-frequently-adjusted riders – i.e., only the Base Rate Adjustment Riders – into Base Rates.
19. Accordingly, the Utilities respectfully request the Board deny Mr. Maissan's recommendation of combining AEY's Temporary Adjustment Rider (R1) with the Base Rate Adjustment Riders and Base Rates.

Provide More Rider Detail and Provide an Effective Cost per kWh

20. Mr. Yee suggests providing an "effective cost per kWh"⁶ would address the Board directive. As well, Mr. Yee suggests "rider descriptions should be enhanced".⁷ Mr. Yee also advocates for a further breakdown of fixed vs variable cost recovery.⁸
21. In response to AEY-YEC-NY-01(a-b), the Utilities noted that utility service is more complex than a 'payment per kWh' rate. For example, most utility costs are fixed, so it does not serve the interest of general energy literacy to promote the idea that all utility costs vary linearly with kWh. Further, an "Effective Cost per kWh" will invariably differ between all customers and could introduce other customer service complications and confusions if customers are comparing their "Effective cost per kWh".
22. As indicated in response to AEY-YEC-NY-02, adding elements to the bill display – like fixed & variable cost breakdown and providing more rider detail – typically adds considerable cost and could make the bill statement more complicated. Further, it is not clear if the proposed rider description enhancements described by Mr. Yee⁹

⁶ Mr. Yee's Submission, paragraph 10.

⁷ Mr. Yee's Submission, paragraph 39.

⁸ Mr. Yee's Submission, paragraph 33.

⁹ Mr. Yee's Submission, paragraph 20.

are possible within the billing system, as each line description is typically fixed, not dynamic.

23. Finally, it is unclear how Mr. Yee's proposal is responsive to the Board directive which clearly focuses on "incorporating riders into existing base rates". Accordingly, the Utilities respectfully request the Board deny this proposal.

Keep Existing Bill Plus Combine all Riders into Customer Charge and Energy Charge

24. Mr. Yee also proposes to combine "ALL of the riders" into the Customer Charge and Energy Charge. Mr. Yee elaborates, "Of course the base rate and riders and such could still be listed on the billing statement as an explanation of how the Customer Charges and Energy charges are determined and what has caused them to vary. Having this information readily available provides answers for those confused by the variances or those who simply want to understand things on a deeper level."¹⁰
25. This proposal highlights the balance the Utilities have struck with the proposed Option 4. For example, Option 4 rolls up the stable Base Rate Adjustment Riders into Base Rates while still providing maximum transparency on the temporary riders and government subsidies which will vary more regularly.
26. As indicated in response to AEY-YEC-NY-02, adding elements to the bill display can add considerable costs. Likewise, the Utilities submit this proposal would add more lines and complexity to customers' bills – i.e., the total cost would appear to be presented twice under this option, and the original bill statement layout would still be provided. Accordingly, the Utilities respectfully request the Board deny this proposal.

¹⁰ Mr. Yee's Submission, paragraphs 26 – 28.

C. *Out-of-Scope Requests by Interveners*

27. Mr. Maissan requests the Utilities “update their fuel price forecasts as a first step in every GRA hearing”¹¹. The proposal lacks clarity, appears to add additional process steps to rate applications which may cause delays, and has not been tested. The Utilities respectfully submit this request is beyond the scope of this proceeding, lacks any supporting evidence, and should be denied.

IV. CONCLUSION AND REMEDY SOUGHT

28. In summary, the Utilities submit they have provided comprehensive support for, and justification of, their proposal to address the Board directive. Accordingly, the Utilities respectfully request that the original proposal be approved as filed.

¹¹ Mr. Maissan's Submission, page 2.