



March 1, 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
Information Responses**

In accordance with Board Order 2023-04, dated January 20, 2023, please find enclosed the Utilities joint responses to IRs received from the Yukon Utilities Board (YUB), John Maissan (JM), Nathaniel Yee (NY) and the Utilities Consumers' Group (UCG).

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

Sincerely,

ATCO Electric Yukon

Chris

Cullingham

Digitally signed by Chris Cullingham
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**ATCO Electric Yukon (AEY) & Yukon Energy Corporation (YEC)
Joint Proposal – Rate Rebasing**

**Information Responses Round 1 to:
John Maissan (JM)
Received: February 11-15, 2023**

AEY-YEC-JM-01

Reference: John Maissan Email, Dated: February 11, 2023

Comments: I have read the Utilities' submission and agree with the Utilities' recommendation that Option 4 makes the most sense and I certainly support waiting to implement this change until the new billing system is in place (and verified to be working correctly).

Request:

Is there an estimate of the date when the new billing system would be in service?

Response:

The new billing system is expected to be in-service in Q3 of 2023, followed by an anticipated stabilization period of three to six months.



AEY-YEC-JM-02
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**ATCO Electric Yukon (AEY) & Yukon Energy Corporation (YEC)
Joint Proposal – Rate Rebasing**

**Information Responses Round 1 to:
John Maissan (JM)
Received: February 11-15, 2023**

AEY-YEC-JM-02

Reference: John Maissan Email, Dated: February 11, 2023

Comments: I have read the Utilities' submission and agree with the Utilities' recommendation that Option 4 makes the most sense and I certainly support waiting to implement this change until the new billing system is in place (and verified to be working correctly).

Request:

I quite like the Utilities' bill calculator feature for customers, will the bill calculator feature continue to show Riders J and R as distinct Riders or will this feature also "roll-up" these Riders into base rates? My personal preference would be to have them shown on the bill calculator, but this may have the drawback of being confusing to customers using this feature.

Response:

There is no plan to update the online bill calculator at this time. The bill calculator will still be available to customers.



AEY-YEC-JM-03
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**ATCO Electric Yukon (AEY) & Yukon Energy Corporation (YEC)
Joint Proposal – Rate Rebasing**

**Information Responses Round 1 to:
John Maissan (JM)
Received: February 11-15, 2023**

AEY-YEC-JM-03

Reference: John Maissan Email, Dated: February 15, 2023

Request:

I note that ATCO Electric in Alberta will be trialling Time of Use (TOU) rates in some communities this year. Will the new AEY/YEC billing system be able to handle TOU rates?

Response:

Yes, the new billing system will be able to accommodate TOU.



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

**Information Responses Round 1 to:
John Maissan (JM)
Received: February 11-15, 2023**

AEY-YEC-JM-04

Reference: John Maissan Email, Dated: February 15, 2023

Request:

Will the new billing system be able to accommodate automatic meter reading systems when implemented?

Response:

Yes, the new billing system will work with Advanced Metering Infrastructure (when implemented, which has automatic meter reading functionality).



AEY-YEC-JM-05
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**ATCO Electric Yukon (AEY) & Yukon Energy Corporation (YEC)
Joint Proposal – Rate Rebasing**

**Information Responses Round 1 to:
John Maissan (JM)
Received: February 11-15, 2023**

AEY-YEC-JM-05

Reference: John Maissan Email, Dated: February 15, 2023

Request:

If riders J and R are rolled up into base rates on customer bills, could the other riders (including rider F) be rolled up into one cost Rider on bills and still have the rebate riders and subsidies shown on individual lines?

Response:

The proposal described in the request is possible, however it was not contemplated or priced for the Utilities' response to the Board Direction. The Stabilization Mechanisms and other Riders adjust more frequently than Base Rate Adjustment Riders. With higher variability from month-to-month, the Utilities submit that increased transparency on these riders may allay some customer service concerns.



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

**Information Responses Round 1 to:
Nathaniel Yee (NY)
Received: February 15, 2023**

AEY-YEC-NY-01

Reference: From board order 2022-07

Comments: **“The Board is concerned that customers may find the application of YEC’s and AEY’s riders to be confusing.”**

Unfortunately I don’t see any of the proposed solutions really answering this concern.

Rolling some of the riders into base rates does not solve the issue, as the rest of the riders remain on the billing statement, and the customer is still not being informed of the actual rate being charged.

That is, the rebased rates listed under Option 4 still do not reflect what the customer actually pays per kwh.

A customer would be justifiably confused if told a certain rate, only to find that this rate is never what is actually charged.

A possible solution would be to put “Actual Rate per kWh” on the billing statement. This rate reflects the effects of all of the riders. The details of how each rider affects the bill can be given separately in fine print for the curious if this is felt to be necessary.

Electricity rates vary depending on the riders. Hiding this variation in a list of riders is confusing and deceptive to the customer.

Request:

- (a) Should customers be told what they are actually paying per kWh?
- (b) While those of us involved in the process are perhaps interested in how each of the riders works, would the customer be better served by being given a simple rate, cost/kWh?
- (c) What is the timeline for design and implementation of the new billing system?

- (d) What are the planned features or improvements of the new billing system?
- (e) Will the new billing system be able to accommodate potential future DSM efforts such as Time of Use metering, etc.?

Response:

- (a-b) Total 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. The total bill is a better summary of all utility costs. The Utilities believe that customers can easily calculate cost per kWh using the consumption and total bill shown in the statement.
- (c) The new billing system is expected to be in-service in Q3 of 2023, followed by an anticipated stabilization period of three to six months.
- (d) The existing billing system is an end-of-life asset, and it is becoming increasingly costly and difficult to maintain, making the proposed changes costly and time consuming. For example, the underlying COBOL programming language is understood by few internal resources and the number of skilled COBOL programmers in the marketplace is decreasing. Further, AEY’s parent company, ATCO Electric Ltd., will replace ATCO CIS in accordance with recent approval from the Alberta Utilities Commission in Decision 26615-D01-2022.¹

The new system will help simplify rate and billing administration, allow for the storage of more usage data, and be able to accommodate future rate design such as time of use (TOU) rates.

- (e) Yes, the new billing system will be able to accommodate TOU.

¹ Paragraphs 254 & 261-262.



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

**Information Responses Round 1 to:
Nathaniel Yee (NY)
Received: February 15, 2023**

AEY-YEC-NY-02

Reference: Reply Argument from the 2021 GRA

Quote: In my Reply Argument from the 2021 GRA, I expanded a little on UCG's concerns about this issue, with the same idea.

15. I agree that revenue requirement “should be rolled into base rates (without rate riders)” and that “consumers want to see and understand what they are paying for on their bills...” (UCG Arg p.5 Para.11) It would also seem that this would be an important part of any sort of DSM program. Asking consumers to undertake conservation measures while obscuring the results of those measures doesn't make any sense. While month to month consistency in the cost per kwh is preferred, as an alternative YEC could or should include something like “Effective cost per kwh” with each billing statement. It is an easy calculation and should not be difficult to implement. And given that electricity rates and usage vary and are reported on a monthly basis, it would be very helpful to have each statement contain a history of the last 12 months of rates and usage to encourage some awareness of both. I update this in a spreadsheet monthly when my bill arrives, and this information has helped me make decisions that minimize my usage. The table below is given as an example of what could be used to augment or replace the less than useful 12 month “Consumption by Billing Cycle” chart currently on billing statements.

Statement Date	KWH Used	Cost per KWH	Cost excluding GST and Customer Charge
...
July-2021	179	\$0.19	\$34.01
Aug-2021	146	\$0.21	\$30.66
Sep-2021	189	\$0.20	\$37.80
Oct-2021	311	\$0.18	\$55.98
Avg monthly, last 12 months	238.8	\$0.19	\$45.37

Request:

- (a) Bills are affected by rates and by usage. Both of these vary. If historical data of usage is shown on a billing statement, is there any reason not to show historical rates also? As above or in a graph?
- (b) While I understand the Riders R and J as currently implemented apply to the Customer Charge, is there any thought to have them only apply to energy usage in the rebasing process? Part of the idea of DSM of course is that customers are rewarded financially for using less energy. Raising the Customer Charge rather than pushing all changes to rates runs counter to this idea.

Response:

- (a) The Utilities believe this would make the bill statement more complicated, contrary to the direction received from the YUB. Adding elements to the bill display typically adds considerable cost. The Utilities are unaware of other customers making this request. Finally, customers can view past bills on their MyAccount site.
- (b) No. As discussed in AEY-YEC-NY-01, most utility costs in the Yukon are fixed and do not vary linearly with consumption. Adjusting the ratio between energy rate recovery and fixed rate recovery requires careful contemplation to ensure desired price signals are being sent to customers while still ensuring the utilities can recover their approved revenue requirements.



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

**Information Responses Round 1 to:
Yukon Utilities Consumers' Group (UCG)
Received: February 15, 2023**

AEY-YEC-UCG-01

Reference: Option #3

Request:

Utilizing Option #3, with the Utilities filing a common test year and have these revenue requirements approved, also finally resulting a combined revenue requirement, are you prepared to set forth a modified regulatory approach transforming from the old, outdated rate base model to a new three- or five-year set rate or revenue cap as a start to performance-based regulation? Please discuss pros and cons.

Response:

This request is beyond the scope of this proceeding.



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

**Information Responses Round 1 to:
Yukon Utilities Consumers' Group (UCG)
Received: February 15, 2023**

AEY-YEC-UCG-02

Reference: Rate Application Reviews

Request:

- (a) When was the last AEY Rate Review?
- (b) When will AEY file their next rate application (date, month and year)?
- (c) When was the last YEC Rate Review?
- (d) When will YEC file their next rate application (date, month and year)?

Response:

- (a) 2017 was AEY's last Test Period.
- (b) AEY is planning to file a GRA later this year.
- (c) 2021 was YEC's last Test Period.
- (d) YEC is still investigating its requirements for its next GRA.



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

**Information Responses Round 1 to:
Yukon Utilities Consumers' Group (UCG)
Received: February 15, 2023**

AEY-YEC-UCG-03

Reference: Billing System

Request:

- (a) Please explain why the utilities have not been more pro-active in integrating/implementing a new modern billing model, if as according to your submission "the current billing system is beyond its' useful life."
- (b) Are the utilities currently working on a new billing system?
- (c) When can this new billing system be implemented?

Response:

- (a) The existing billing system has provided significant benefits to ratepayers by remaining in service until now. It is being replaced according to business requirements and operational risks.
- (b) Yes.
- (c) The new billing system is expected to be in-service in Q3 of 2023, followed by an anticipated stabilization period of three to six months.



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

**Information Responses Round 1 to:
Yukon Utilities Board (YUB)
Received: February 15, 2023**

AEY-YEC-YUB-01

Reference: AEY-YEC January 9, 2023 rate rebasing joint submission, PDF page 3.

Issue: Current Billing System

Quote: The current billing system is beyond its useful life and any customization to the legacy billing system requires specialized knowledge and dedicated testing at significant financial expense. The Utilities can advise that a new billing system is expected to be in service in 2023, which has more flexibility to accommodate changes. Accordingly, to avoid unnecessary expense, the Utilities are advising to implement changes after the new system is in service.

Request:

- (a) Please provide an expected date that the new billing system will be operational for the utilities.
- (b) Please provide a brief explanation of what the new billing system will be able to accomplish that cannot be met by the existing billing system.
- (c) Who is leading the work to develop or update the common billing system – YEC or AEY?

Response:

- (a) The new billing system is expected to be in-service in Q3 of 2023, followed by an anticipated stabilization period of three to six months.
- (b) The existing billing system is an end-of-life asset, and it is becoming increasingly costly and difficult to maintain, making the proposed changes costly and time consuming. For example, the underlying COBOL programming language is



understood by few internal resources and the number of skilled COBOL programmers in the marketplace is decreasing. Further, AEY's parent company, ATCO Electric Ltd., will replace ATCO CIS in accordance with recent approval from the Alberta Utilities Commission in Decision 26615-D01-2022.¹

The new system will help simplify rate and billing administration, allow for the storage of more usage data, and be able to accommodate future rate design such as time of use (TOU) rates.

- (c) Similar to how AEY operates, the existing billing system for both AEY and YEC, AEY is leading development of the new system and is incorporating requirements for both utilities.

¹ Paragraphs 254 & 261-262.



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

**Information Responses Round 1 to:
Yukon Utilities Board (YUB)
Received: February 15, 2023**

AEY-YEC-YUB-02

Reference: AEY-YEC January 9, 2023 rate rebasing joint submission, PDF page 5.

Issue: Four options for rate rebasing

Preamble: Four options regarding rate rebasing are listed: status quo; roll base adjustment riders J and R into base rates; roll base adjustment riders J and R into base rates through a limited scope Phase 2 GRA; and roll base adjustment riders J and R into base rates on billing statements.

Request:

- (a) In each of the four options, and everything else being equal, will a customer's total bill vary from what the customer currently incurs? Please explain.
- (b) Please rank the four options in terms of incremental costs, both capital and operational.

Response:

- (a) The customer's total bill will remain the same regardless of option selected.
- (b) The options are ranked with highest to lowest potential costs:
 - 1. Option 3 would be the highest incremental cost option as it would involve a limited scope Phase 2 GRA where the Base Rate adjustment riders Rider J and Rider R would be incorporated into Base Rates and the wholesale rate would be adjusted to recover YEC's revenue shortfall resulting from the Base Rate adjustments.

As indicated in the submission, this option is not recommended because it would add significant ongoing regulatory complexity and added regulatory cost to update the calculation; and it would only address the YUB's concern temporarily until a separate GRA is filed by YEC or AEY.

2. Option 2. Under this option, Rider R and Rider J are incorporated directly into Base Rates, and the Utilities would need to perform ongoing, manual calculations to 'unwind' these amounts out of Base Rates in order to accurately determine necessary intercompany transfers. These calculations would significantly increase complexity and ongoing operating costs for the Utilities for the bill adjustments. The manual calculations would reasonably be expected to significantly increase the likelihood of errors and cross-checks.
3. Option 4. Under this option, the Base Rate adjustment riders, Rider J and Rider R, would be incorporated into Base Rates only for bill statements through the billing system. There will be a one-time capital cost associated with making this adjustment in the billing system [estimated to be less than \$25,000].
4. Option 1. Status Quo option would not require any incremental cost.



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

**Information Responses Round 1 to:
Yukon Utilities Board (YUB)
Received: February 15, 2023**

AEY-YEC-YUB-03

Reference: AEY-YEC January 9, 2023 rate rebasing joint submission, PDF page 5.

Issue: Option 2: roll base adjustment riders J and R into base rates

Quote: Currently, Rider R and Rider J are separately tracked to their own respective general ledger accounts which allows for straightforward, clean, automatic revenue transfers between the Utilities. If Riders R and Rider J are incorporated directly into Base Rates, the Utilities would need to perform manual calculations to ‘unwind’ these amounts out of Base Rates in order to accurately determine necessary intercompany transfers.

Request:

- (a) Could the utilities create an automated reconciliation process rather than a manual process that is described as adding significant ongoing complexity? Please explain.
- (b) How could reconciliation errors be avoided?
- (c) What would be the approximate cost to implement an automated reconciliation system? Would such costs be double to represent costs for each utility? Please explain.
- (d) Under this option, the whole sale rate is not adjusted. Should the whole sale rate be adjusted? Please explain.
- (e) Please explain the consequences of not adjusting the whole sale rate.

Response:

- (a) Creating an automated reconciliation process is likely possible, however it is expected to have a significant accompanying capital and administrative cost because it would be considerably more complex than the proposed solution and would involve contractors for the development and implementation process. Accordingly, this solution was not pursued because Option 4 is less expensive and will address the YUB's direction.
- (b) The proposed solution (Option 4) is expected to avoid reconciliation errors because, as revenue comes in, it will be coded directly to an AEY account or YEC account. Likewise, any bill adjustments would naturally add or subtract directly to/from an AEY account or YEC account. Under Option 2, however, the Utilities would need to perform manual calculations to 'unwind' the revenues collected from Riders out of Base Rates in order to accurately determine necessary intercompany transfers. Therefore, under Option 2 the errors are unavoidable unless it is automated which would be more costly as noted in response (a).
- (c) The Utilities do not have an estimate for this solution because it does not provide an obvious value and the YUB's direction can be addressed with the proposed solution.
- (d-e) No, Option 2 assumes no change in wholesale rate. Under this option, Rider R and Rider J would be incorporated into Base Rates. The revenues would be collected by the Utilities through Base Rates; however, the Utilities would need to perform manual calculations to 'unwind' these amounts out of Base Rates and perform necessary intercompany transfers [i.e., Rider R amounts collected through Base Rates would be determined and transferred to AEY; similarly, Rider J amounts collected through Base Rates would be determined and transferred to YEC]. Therefore, the revenues for each utility would not change from the status quo and no wholesale rate adjustment is required for Option 2.



AEY-YEC-YUB-03
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As discussed for Option 3, the Utilities considered adjusting the Wholesale rate and determined it would not address the YUB's direction on an ongoing basis. For example, as soon as a new rate adjustment is approved, Rider J or Rider R would be required again (absent another Wholesale rate adjustment).



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

**Information Responses Round 1 to:
Yukon Utilities Board (YUB)
Received: February 15, 2023**

AEY-YEC-YUB-04

Reference: AEY-YEC January 9, 2023 rate rebasing joint submission, PDF page 6.

Issue: Option 3: roll base adjustment riders J and R into base rates through a limited scope Phase 2 GRA

Quote: Unlike Option 2, under this option, the Utilities must have approved revenue requirements with a common test year and also must file a limited scope Phase 2 GRA where the Base Rate adjustment riders Rider J and Rider R would be incorporated into Base Rates and the wholesale rate would be adjusted to recover YEC’s revenue shortfall resulting from the Base Rate adjustments [i.e., the Utilities do not track Rider R or Rider J and do not transfer the collections between utilities, but recover the costs through the base rates, including revised wholesale rate to compensate for lost Rider J revenues from AEY sales as OIC 1995/090 Section 7.1 requires that the wholesale rate “must be sufficient to enable Yukon Energy Corporation to recover its costs that are not recovered from its other customers.”].

Request:

- (a) If, in response to IR No.2, that under any of the four options, a customer’s total bill will not vary, please explain any benefit with proceeding with this option.
- (b) At a high level, please explain the process involved in adjusting the whole sale rate.
- (c) Is there any long-term advantage of utilizing this option? Please explain.

Response:

(a&c) As indicated in the submission, the Utilities do not recommend this option as it would add significant ongoing regulatory complexity and added regulatory cost, and it would also only address the YUB's concern temporarily until a separate GRA is filed by YEC or AEY. Therefore, the Utilities do not see any benefit from this option.

(b) Currently, YEC is collecting the portion of the revenue requirements through Rider J which is applicable to all firm rate schedule customers in Yukon. All collections by AEY from its customers flow through to YEC [this is a straightforward process as the amount of collected Rider J is tracked separately].

Under Option 3, the Utilities must file Phase 1 GRA with a common test year which would be followed by a limited scope Phase 2 GRA where the Base Rate adjustment riders Rider J and Rider R would be incorporated into Base Rates based on consolidated revenue requirements. When Rider J is incorporated into the Base Rates, YEC would not be able to collect the portion of its revenue requirement from AEY customers. Therefore, the wholesale rate would be adjusted, i.e., increased, to recover YEC's revenue shortfall resulting from the Base Rate adjustments.



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**Information Responses Round 1 to:
Yukon Utilities Board (YUB)
Received: February 15, 2023**

AEY-YEC-YUB-05

Reference: AEY-YEC January 9, 2023 rate rebasing joint submission, PDF pages 6-7.

Issue: Option 4 - roll base adjustment riders J and R into base rates on billing statements

Quote: Under this option, the Base Rate adjustment riders, Rider J and Rider R, would be incorporated into Base Rates only for bill statements. The Utilities would continue to track Rider R and Rider J separately on their own respective general ledger accounts which allows for straightforward, clean, automatic revenue transfers between the Utilities. The customer bill statements, however, would not show the Rider R or Rider J.

Request:

- (a) Under this option, is the whole sale rate adjusted? Please explain.
- (b) Please discuss the potential for rounding errors under this option.
- (c) Could this feature be included in the new billing system at the time of its in-service date? Please explain.
- (d) What additional steps would be involved in making this adjustment and why could it cost up to \$25k?

Response:

- (a) No. This option only serves to reduce the bill complexity highlighted in the Board Direction.
- (b) There is no potential for rounding errors with this option. Calculations will be automated and there will be no manual calculation.

- (c) No. Implementing the new billing system is a very complex process and requires all focus and attention on ensuring a successful launch. Including this new requirement would be a scope change at this time of the project, which would impact both schedule and cost. This feature can be added post go-live, following a stabilization period (three to six months) for the core system.

- (d) This option involves careful behind-the-scenes calculations, reprogramming core functionality, as well as changes to the bill display. Once a working model is available, it needs to be tested before elevating to production and 'going live'. Significant complexity can accompany reprogramming to ensure the changes will be robust across prior billing periods and future billing periods, as well as at scale. In ATCO's experience, reprogramming changes on the old billing system have had significantly higher cost than the proposal.