

1992-3

YUKON UTILITIES BOARD

DECISION 1992-3

JANUARY 17, 1992

RE

YUKON ELECTRICAL COMPANY LIMITED

YUKON UTILITIES BOARD

DECISION 1992-3

FRIDAY, THE 17TH DAY OF JANUARY, A.D. 1992

IN THE MATTER OF the "Public Utilities Act",
being Chapter 143 of the Revised Statutes of
Yukon, 1986, as amended;

AND IN THE MATTER OF an application by Yukon
Electrical Company Limited to the Yukon
Utilities Board for an Order to have an
overrefund of Rider D to its customers
collected from its customers.

BEFORE:

THE YUKON UTILITIES BOARD

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APPEARANCES

| | |
|---|-------------------------------|
| For the Yukon Electrical Company Limited: | M. D. Romanow |
| For Yukon Energy Corporation: | P.J. Landry |
| For City of Whitehorse: | E.J. Walter Michael Davies |
| For Curragh Resources Inc.: | Ian Blue Ms. Robin Adelson |
| For The Whitehorse Chamber of Commerce: | David Morrison |
| For Himself: | Peter Percival Gary McRobb |
| For Himself: | Doug Craig |
| For The Independent Alliance: | Ms. B. Firth A. Nordling |

WITNESSES

For the Yukon Electrical Company Limited:

Grant Lake
Harvey Kerslake
Rory Nugent
Kathleen McShane
Doug Baer
John Carroll
Don Willems
Wayne Wright
Owen Edmondson
Kirk Poteet
Richard Stout
Hector Campbell

For Yukon Energy Corporation:

Cam Osler
Michael Sweatman
John Maissan
Fred Berger

Curragh Resources Inc:

David Parcell

1. BACKGROUND

In its Decision 1990-2 the Board approved Temporary Adjustment Rider D to refund to non-government residential and general service customers an overcollection of \$1,435,200.00.

Part 1 of the Rider D tariff dated 1990 04 01 read as follows:

"PART 1

AVAILABLE: Throughout the Yukon Territory.

APPLICABLE: To all Residential and General Service, Non-Government customers.

RATE: A temporary credit of 14.53% will be applied to each net bill issued between April 1, 1990 and December 31, 1990 inclusive. (Emphasis added)

The Board also notes that the tariff included a note which read as follows:

"NOTE: Rider D Part 1 and Part 2 will be discontinued December 31, 1990."

2. APPLICATION

On August 6, 1991 Yukon Electrical Limited Company ("YECL") made an Application to the Board pursuant to Sections 57 and 60 of the Public Utilities Act for an Order without a hearing to collect from customers an overrefund of Rider D in the amount of \$163,168.00. The Company requested that the overrefund be collected from customers through a surcharge

rider in the amount of 2.71% over the period September 1 to December 31, 1991.

The Company explained the overrefund of \$163,168.00 occurred because Rider D was calculated on the basis that it would apply to bills rendered up to December 31, 1990. Inadvertently, Rider D was applied to consumption up to December 31, 1990.

In its Directive 1991/1 dated October 23, 1991 the Board directed the Company to distribute all correspondence with respect to the overrefund of Rider D to all intervenors and indicated that the Board would consider the matter during the 1991/92 general rate application.

On October 2, 1991 the Company made a further Application to the Board for an order to have the overrefund to customers collected from customers over a period commencing January 1, 1992.

The Company included in its Application an analysis showing the estimated percentage surcharge depending on the number of months over which the overrefund is collected. The Company estimated the surcharge to be 1.58% if the overrefund was collected over a 6 month period from January to June 1992.

During the general rate application public hearing company witnesses were cross-examined with respect to the overrefund of Rider D.

Company witnesses acknowledged that if the requested rider is approved the Company will be collecting a portion of

the overrefund from customers who did not receive any portion of the overrefund. Company witnesses stated that the Company does not intend to attempt to recover any of the overrefund from customers who received a portion of the overrefund and who have since left the system.

Company witnesses also explained that it is not practical to specifically identify customers who received the overrefund and to collect the appropriate amount from each of those customers. They indicated that minor intergenerational disparities are common with refunds and surcharges.

Peter Percival, an intervenor, submitted in argument that YECL should be required to recover as much of the overrefund as possible from customers who actually received it and any outstanding balance should be absorbed by the Company's shareholders. In the alternative, Mr. Percival submitted that the Company should not be allowed to collect the overrefund on the basis that there is no service regulation or policy to address such mistakes and that there were significant delays in identifying and attempting to correct the error.

3. DECISION

After having given due consideration to the evidence adduced during the hearing and submissions by intervenors and YECL, the Board concludes as follows:

With respect to the error, the Board considers that the tariff clearly stated that the rider applied to each net bill

issued between April 1, 1990 and December 31, 1990. The Board considers that the Company should have had controls in place to prevent the occurrence of the error.

The Board is concerned that a portion of the overrefund will be collected from customers who did not receive any portion of the overrefund. The Board is concerned that upon discovery of the error the Company did not identify the customers to whom the overrefund was paid and advise the Board of its intention to collect the overrefund from these specific customers.

The Board will allow the Company to collect 90% (\$146,851.00) of the \$163,168.00 overrefunded to customers. The Board recognizes the delay in the recovery of the overcollection reflects an implicit interest cost to the Company of \$23,000. The Board directs the Company to collect the \$146,851.00 from customers over a six month period commencing with billings on and after May 1, 1992. The Board also directs the Company to establish controls to prevent a similar error occurring in the future and to file a detailed description of these controls with the Board.

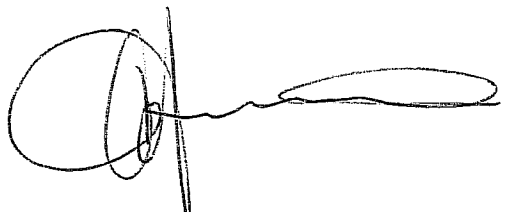
ORDER

NOW THEREFORE IT IS ORDERED THAT:

The Yukon Electrical Company Limited file with the Board within thirty (30) days a schedule for a temporary rider, together with supporting calculations, to collect the amount of \$146,851.00 from customers over a period of six months commencing with billings on or after May 1, 1992.

DATED AT WHITEHORSE, YUKON this 17th day of January, 1992.

YUKON UTILITIES BOARD



CHAIRMAN