

1996-11

**YUKON UTILITIES BOARD**

**BOARD ORDER 1996 - 11**

**AN ORDER IN THE MATTER of the *Public Utilities Act*  
Revised Statutes, 1986, c. 143, as amended**

**AND IN THE MATTER OF the judgment of the Court of Appeal  
for The Yukon Territory dated April 9, 1996**

**BEFORE:**

**THE YUKON UTILITIES BOARD**

# THE YUKON UTILITIES BOARD

## ORDER 1996 - 11

WHEREAS on November 23, 1993 the Yukon Utilities Board ("**Board**") issued Decision 1993 - 8 in the matter of a joint application by Yukon Energy Corporation ("**YEC**") and The Yukon Electrical Company Limited ("**YECL**") ("**the Companies**") to the Board for Orders approving changes in the existing rates, tolls or charges for electric light, power or energy and related services supplied to its customers within the Yukon;

AND WHEREAS the Companies filed a joint application dated December 22, 1993 for Review and Variance of Decision 1993 - 8 and on May 24, 1994 the Board issued Decision 1994 - 5 relative to the joint application;

AND WHEREAS on December 22, 1993 the Companies filed an appeal to the Court of Appeal for The Yukon Territory ("**Court of Appeal**") for relief from certain Orders of the Board in Decision 1993 - 8;

AND WHEREAS the Court of Appeal rendered its judgment on April 9, 1996 with respect to the appeal;

AND WHEREAS the Companies provided under cover of letter of June 3, 1996 a document entitled "Calculation of Appeal Impact" showing their calculation of the impact of the judgment of the Court of Appeal;

AND WHEREAS the Board also received a letter dated August 15, 1996 from the Companies containing responses to its information requests of July 24, 1996:

AND WHEREAS a summary of the appeal impact as calculated by the Companies is as follows:

<u>Description</u>	<u>Appeal Impact</u>
Interest on YDC Debt	\$ 921,000
Demand Side Management	\$ 159,000
Gain on Sale of Company House and Warehouse	\$ 468,000
Gain on Sale of Fish Lake Property	<u>\$ 227,000</u>
	\$ 1,775,000
Allowance for Interest	<u>\$ 254,000</u>
	\$ 2,029,000

AND WHEREAS the Board considers that the appeal impact calculated by the Companies with respect to Interest on YDC Debt of \$921,000, Demand Side Management of \$159,000, Gain on Sale of Company House and Warehouse of \$468,000 and Gain on Sale of Fish Lake Property of \$227,000 is generally in accordance with the directions of the judgment of the Court of Appeal;

AND WHEREAS the Board does not consider the Companies' calculation of an Allowance for Interest to be appropriate in the circumstances;

AND WHEREAS the Board has determined an Allowance for Interest in the amount of \$177,912, resulting in a total appeal impact of \$1,952,912;

AND WHEREAS in the Companies' document entitled "Methods to Recover Previously Disallowed Costs, Appeal Decision Related to YEC/YECL 1993/94 GRA" the Companies described three alternatives for recovery as follows:

- (a) a rate rider surcharge;
- (b) a reduction in the diesel contingency fund; and
- (c) some combination of the above;

AND WHEREAS on October 28, 1996 the Board forwarded a letter to counsel for the Companies and the City of Whitehorse requesting comments on its determination of the appeal impact of \$1,952,912;

AND WHEREAS the Board received a letter from the Companies dated November 14, 1996 stating that the Companies agreed to the amount determined by the Board and reiterating the previously described alternatives for recovery;

AND WHEREAS by letter of November 18, 1996 the Board invited the Companies and intervenors to comment on the alternatives for recovery proposed by the Companies;

AND WHEREAS on November 22, 1996 the Utilities Consumers' Group submitted that the recovery should not be made by way of a reduction in the diesel contingency fund but rather by a rate rider surcharge in 1997;

AND WHEREAS by letter dated December 13, 1996 Anvil Range Mining Corporation indicated its preference for reducing the diesel contingency fund by the amount of the appeal impact;

AND WHEREAS by letter dated December 17, 1996, the City of Whitehorse also supported the reduction of the diesel contingency fund;

AND WHEREAS on June 11, 1996 the Board issued Decision 1996 - 7 wherein it accepted a settlement package entered into by the Companies and intervenors respecting rate increases effective January 1, 1996 and January 1, 1997;

AND WHEREAS the terms of the settlement stipulated that with respect to the Diesel Contingency Fund "The fund is only to be used for the purposes of stabilizing rates and offsetting diesel generation cost estimates and the fund is not to be accessed for other reasons, including government subsidy of rates.";

AND WHEREAS the Board considers that the amount of \$1,952,912 should be recovered from customers by way of a rider on all billings rendered on or after January 1, 1997 until such time as the amount of \$1, 952,912 is attained;

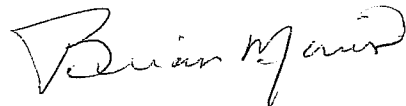
AND WHEREAS the Board considers this method to be fair, in the public interest and consistent with the terms of the settlement package previously accepted by the Board;

**NOW THEREFORE IT IS ORDERED THAT:**

1. The Companies are entitled to recover an amount of \$1,952,912 from customers pursuant to the directions contained in the April 9, 1996 judgment of the Court of Appeal.
2. The Companies are directed to submit to the Board within seven days of the date of this Order, for the Board's approval, a rider which is designed to recover the amount of \$1,952,912 from customers over a period of approximately 12 months.

**DATED** at the City of Whitehorse, in the Yukon Territory, this 20<sup>th</sup> day of December, 1996.

**BY ORDER**



Brian Morris, Chair  
Yukon Utilities Board

**YUKON UTILITIES BOARD**

**P.O. Box 6070, 19 - 1114 First Avenue,**

**Whitehorse, Yukon Y1A 5L7**

**Telephone (403) 667-5058, Fax (403) 667-5059**

5 pages by fax and mail

December 20, 1996

H. Kerslake	Yukon Electrical Company Ltd.	668 3965
R. McWilliam	Yukon Energy Corporation	393 6327
K. Forgaard	Anvil Range Mining Corporation	668 6518
B. Ravenhill	Association of Yukon Communities	(403) 536 7622
P. Sully	City of Whitehorse	(403) 497 4831
R. Clarkson	New Era Electric Corporation	668 3978
R. Rondeau	Utilities Consumers' Group	633 6361
J. Ellis	Yukon Conservation Society	668 6637
N. Poushinsky	United Keno Hill Mines Ltd.	668 6743
S. Alwarid		667 4073
P. Percival		667 2647
G. McRobb	Friends of Aishihik	633 6361
L. Brassard	Whitehorse Chamber of Commerce	667 4507
D. MacLean	Dept. of Ec. Dev., Gov't of Yukon	667 8601

Dear Sir/Madam:

**Re: Determination of Appeal Impact Recovery**

I enclose a copy of Board Order #1996 - 11 containing the Board's decision on the method of recovering appeal impact revenue flowing from an appeal of the YEC/YECL 1993/94 General Rate Application.

Yours truly,



Jim Slater  
Board Secretary

attachment