

**Yukon Energy Corporation  
2021 General Rate Application**

<b>UCG IR number and particulars</b>	<b>YEC response</b>	<b>UCG submissions</b>	<b>YEC response</b>	<b>UCG reply</b>	<b>Board ruling</b>
<p><b>UCG-YEC-1-2</b></p> <p>(a) Please be certain to identify each response with the individuals who prepared it.</p>	<p>The requested information cannot be practically or reasonably provided at an individual level.</p>	<p>Yukon Energy claims it is too onerous for them “to identify the individual or individuals who were responsible for preparing each response.”</p> <p>If the YUB did not consider this important, then why is it included in their rules? YEC is again deciding which rules and which principles they follow.</p> <p>UCG submits it is not too onerous for each individual to initial each response as they write it, with a table to identify person with each initial.</p> <p>Accordingly, UCG requests the Board enforce the Rules.</p>	<p>The level of information requested has never been required in prior YUB proceedings, notwithstanding the Rules from October 17, 2012. Yukon Energy is also not aware of any other IR process in any other jurisdiction that would require identification of specific individuals involved in the preparation of each IR response.</p> <p>The nature of a given IR response will typically require a number of individuals to contribute to the response or review the response. Given the volume of IR responses that must be responded to in a proceeding, a requirement to track and report on all of these individuals for each IR would be an onerous request that would add further administrative burden to a process which is already complex and time consuming – and not provide any material assistance to the Board. Ultimately each response must be reviewed and signed off by the Chief Financial Officer who is responsible for the regulatory submission. YEC witnesses, including the CFO, in the subsequent oral proceeding must also take responsibility for responding to any questions on the IR responses provided.</p> <p>In summary, YEC requests that the Board not require this information to be provided. In the event that the Board changes the current practice and requires this information for each IR response in all of its proceedings, the requirement will need to apply only on a “go-forward” basis as the record is not available on this matter for IR responses provided to date.</p>	<p>Yukon Energy argues that because this portion of the rules of practice has never been followed before, therefore it should not be done for this process. Yukon Energy's consistently argues that “this is the way it has always been done in the Yukon”.</p> <p>UCG replies that if YEC does not follow rules or regulatory principles of other jurisdictions because it has never been done before in the Yukon, allowing them to follow only what suits them. If they are allowed to do this then stakeholders will also ignore rules and regulatory principles.</p> <p>UCG can only speculate on why the Board included this section in the rules, but it appears to us as this is the way to keep the application honest in its costs, i.e. to prevent duplication or double dipping or costs for internal personnel who are already paid a fair wage. UCG submits YEC should follow the rules NOW.</p>	<p>Section 14 of the Rules of Practice state:</p> <p>“14. (1) Subject to subsection (3) where an information request has been directed to a party and served on that party in accordance with the Board’s directions, the party shall prepare a response that:</p> <p>…</p> <p>c) identifies the individual or individuals who were responsible for preparing the response.”</p> <p>While there is a requirement for the party responding to IRs to identify the individual(s) responsible for preparing the response, the Board has previously accepted YEC’s IR responses without this information.</p> <p>In this instance, the Board understands that YEC is responding to the IR responses as a company, and that the IR responses will be signed off by YEC’s Chief Financial Officer. The Board accepts that many individuals at YEC have assisted with the preparation with the IR responses, and that it would be onerous for YEC to trace all the</p>

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					<p>individuals involved in preparing those responses at this point in time. In addition, the Board considers that the provision of all of the names of the individuals that assisted with YEC’s IR responses would be of limited probative value in the circumstances.</p> <p>Section 2(2) of the Rules of Practice state:</p> <p>2. (2) In any proceeding, the Board may, with or without a hearing, dispense with, vary or supplement all or any part of these rules if it is satisfied that the circumstances of any hearing or other proceeding require it.</p> <p>Under Section 2.(2) of the Rules of Practice, the the Board dispenses with the Section 14.(1) c) requirement in the circumstances, and accepts YEC’s Chief Financial Officer signing off on the IR responses as sufficient in the circumstances.</p>

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<p><b>UCG-YEC-1-5(f)</b> Please provide specific details YEC realized to: i. reduce ongoing costs? ii. reduce waste? iii. improve performance?</p>	<p>Please see the Application, Tab 3 for details on YEC operations.</p>	<p>YEC responds to UCG request to demonstrate concrete examples as to how they reduced ongoing costs, reduced waste, and improved performance to help alleviate the short term financial stability of the company as well as to indicate going forward what they will do in developing better performance.</p> <p>UCG reviewed the text in Tab 3 given as response by YEC and this does not adequately answer these questions, only provided the reasons why the YEC has had to increase all areas of expense.</p> <p>Accordingly, UCG requests the Board to direct Yukon Energy to give a reasonable response to this IR.</p>	<p>The question asks at a very general level for information on concrete examples of cost reductions and improved performance. In the context of this GRA, YEC has provided the relevant available information related to the question.</p> <p>Tab 3 of the Application provides details on YEC operations that are relevant for the 2021 GRA forecasts and requirements. Given the circumstances and forecasts reviewed in Tab 3 for most activities and cost categories, the overall focus is on the revenue requirement increase related to operating costs that is driven by added labour resource requirements, added fuel and diesel rental costs, and other non-fuel O&amp;M costs as described. Information is also provided in Tab 3 where relevant and available on reduced ongoing costs (e.g., relative to 2018 Approved costs this is shown for transmission and distribution expenses, and hydro production costs) and improved performance (e.g., success with YEC’s brushing policy and 10 year plan as reviewed at page 3-15).</p> <p>In summary, YEC submits that the response was reasonable given the imprecise nature of the question, the GRA context, and the available information.</p>	<p>UCG replies that Yukon Energy claimed they were not reaching their “fair” rate of return for the past number of years.</p> <p>If they cannot explain what they did to cut cost and reduce waste during this time frame, how can we expect them to do so for this test year period where they will receive some revenue requirement increase. Tab 3 only gives the drivers of increased revenue requirement, not how the YEC plans on improving their performance.</p> <p>UCG notes that the Board asked a similar IR in YUB-1-42. Yukon Energy again gave Tab 3 as their response as well as claiming that they undergo a rigorous budget process. It is exactly this budgeting where the YEC can demonstrate savings by cutting costs and becoming more efficient. The Board and ratepayers need to know this.</p>	<p>YEC did not respond to the questions posed by UCG which were to provide details of specific instances where YEC reduced its ongoing costs, reduced waste, or improved performance to address short term financial stability since the last GRA. The Board does not agree that the IR is imprecise in nature, nor that the information requested is available in YEC’s application or Tab 3. The Board directs YEC to respond to the IR at issue.</p>

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<p><b>UCG-YEC-1-18(b-c)</b> b) Please chart the operating-owned YEC diesels with capacity for each in Whitehorse, Faro, Mayo, Dawson. Ross River, Teslin, Carmacks, Carcross, Haines Junction, and any others.  c) Please chart the operating ATCO diesels in all their operating area on the grid with each capacity.</p>	<p>(b) Please see page 11 of 10-Year Renewable Electricity Plan provided in CW-YEC-1-36 (a) Attachment 1 for the map that shows generation facilities and Appendix A for the list of generation facilities with capacity information.  (c) AEY would be in a better position to provide the requested information. This information as required for the N-1 capacity criteria is provided in Tab 2 of the Application.</p>	<p>In this request UCG asks for all the operating diesels on the integrated grid as well as each individual capacity, including both YEC and AEY.  UCG submits it is relevant information that the Board and intervenors need to make an accurate determination of exactly the capacity shortfall we have on the entire grid if and when there would be an N-1 situation or excess peak load.  UCG accordingly requests the board to order YEC to reply with this information.</p>	<p>The information requested on all operating diesels on the integrated grid, as required to determine the capacity shortfall, was provided by YEC.  The response to UCG-YEC-1-18(b) referenced page 11 of 10-Year Renewable Electricity Plan provided in CW-YEC-1-36 (a) Attachment 1 for the map that shows YEC and AEY generation facilities on the grid and Appendix A for the list of YEC and AEY (YECL) generation facilities on the grid with dependable capacity information for each diesel and LNG unit.  With regard to part (c) the response noted that this information as required for the N-1 capacity criteria is also provided in Tab 2 of the Application. Section 2.4 of the Application provides the details as needed to determine the single contingency (N-1) forecast dependable capacity shortfall and the related requirement for rented diesels for the test year.</p>	<p>UCG notes that the 10 Year Renewable Plan was never brought forward for Board approval until this process.  The map identified only shows where various generation facilities are on the Yukon grid for each utility but does not identify capacity. How can we accurately tell what our energy shortfall is if we do not have the information on exactly how much capacity is on the Yukon integrated grid (including YEC and YECL)?</p>	<p>YEC has not stated that the UCG request is too onerous. Although YEC has provided information, it is not fully responsive to the IR. Therefore, the Board directs YEC to produce the requested information as a single document.</p>
<p><b>UCG-YEC-1-26(i)</b> i) Explain how each of these compare with other utilities in Canada.</p>	<p>YEC does not have (management and non-management) pay grade/scale and performance bonus information of other utilities in Canada to provide.  <u>July 20, 2021 revised response:</u> UCG-YEC-1-24 notes as follows with respect to out of scope employee job evaluations: Yukon Energy relies on Korn Ferry, an independent contractor, for the evaluation of all jobs. Yukon Energy</p>	<p>Disclosure of management and professional pay scale, i.e. wage band, is vital to keeping track of payout for wages as well as bonus or other added benefits to administration and professionals who are not covered under the collective agreements. YEC responded to this: “(i) YEC does not have (management and non-management) pay grade/scale performance bonus information of other utilities in Canada to provide.” However, in UCG 1-24 YEC responds that:</p>	<p>Korn Ferry is an independent contractor that provides job description evaluation services. “Salary benchmarking service” is not a fulsome explanation of this service. As such Yukon Energy will revise its response to UCG-YEC-1-26(i) to clarify this to include the key information outlined below.  Yukon Energy adopted an evaluation system, the Hay Plan, in the early 2000’s. This is a well-established and widely used proprietary evaluation methodology now owned by Korn Ferry; and is used to help ensure consistency of treatment both within the company and across other businesses (i.e., benchmarking). The Hay Plan is a points</p>	<p>This response says nothing about the wage scale for each management and professional position, which they certainly have. They also know the benchmark for each of these. Yukon ratepayers need proof that we are paying similar wages to other utility corporations in Canada and or US.</p>	<p>YEC’s IR response has made it difficult to understand the services being provided by Korn Perry. On its face, it appears that YEC participates in a Korn Ferry benchmarking process for the purpose of establishing that its management and non-management pay scales and bonuses are reasonable and comparable with other utilities in Canada.  Yet, YEC’s IR response indicates that it receives no</p>

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	<p>participates in the salary benchmarking service provided by Korn Ferry whereby our jobs are compared against the market and our peers (utilities), adjusted for our geographical location. To provide greater clarity to the response to UCG-YEC-1-24 and UCG-YEC-1-26(i), it is noted that YEC contracts with Korn Ferry, an independent contractor, to provide job description evaluation services. “Salary benchmarking” is not a fulsome description of the 18 service provided to Yukon Energy by Korn Ferry.</p> <p>Yukon Energy also participates in the salary benchmarking service provided by Korn Ferry whereby YEC jobs are compared against the market and YEC peer utilities and adjusted for geographic location.</p> <p>For context, it is noted that Yukon Energy adopted an evaluation system, the Hay Plan, in the early 2000’s. This is a well-established and widely used proprietary evaluation methodology now owned by Korn Ferry; and is used to help ensure consistency of treatment both within the company and</p>	<p>“Yukon Energy Corporation employs two employee groups: In Scope (unionized employees) and Out of Scope (management and professional employees).</p> <p>In Scope</p> <p>Yukon Energy relies on the procedures are set out in the collective agreement with respect to Job Evaluation.</p> <p>Out of Scope</p> <p>Yukon Energy relies on Korn Ferry, an independent contractor, for the evaluation of all jobs. Yukon Energy participates in the salary benchmarking service provided by Korn Ferry whereby our jobs are compared against the market and our peers (utilities), adjusted for our geographical location.”</p> <p>It is obvious YEC has this information at hand and refuses to disclose. Accordingly, UCG request the Board order YEC to answer this question adequately, I.e pay scale/wage band for each administrative and professional position, as well as the comparison to other peers as per above.</p>	<p>based system that focuses on several universal factors including: know how; problem solving; accountability; and working conditions as the primary approach to evaluation.</p> <p>As part of the evaluation process Korn Ferry also enters job specifics into a proprietary job evaluation model that looks at other YEC evaluations as well as global Korn Ferry job evaluations as appropriate to arrive at an assessment. No specific benchmark compensation figures are reported to YEC and YEC does not have access to the background information used by Korn Ferry in its assessments.</p> <p>In summary, Yukon Energy does not have access to the comparative information on markets and peer utilities used by Korn Ferry in its assessments. As such this information cannot be provided and UCG’s motion on this matter should be denied by the Board.</p>		<p>reporting of specific benchmark compensation figures nor does it have access to the background information used by Korn Ferry in its assessments.</p> <p>Accordingly, it is not clear why and how YEC “participates in the salary benchmarking service provided by Korn Ferry whereby YEC jobs are compared against the market and YEC peer utilities and adjusted for geographic location,” yet is unable to establish where their compensation figures sit in comparison to peer utilities whether by way of percentiles or some other measurement.</p> <p>The Board requires YEC to confirm that it remains unaware of where its current management and non-management pay grades and positions are in relation to peer utilities. If confirmed, please explain how parties and the Board are to ascertain the reasonableness of YEC’s management and non-management pay grades and positions as provided in response to the IR at issue.</p>

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	<p>across other businesses (i.e., benchmarking).</p> <p>The Hay Plan is a points-based system and is the primary approach to evaluation that 30 focuses on several universal factors including:</p> <ul style="list-style-type: none"> <li>• Know how;</li> <li>• Problem solving;</li> <li>• Accountability; and</li> <li>• Working conditions.</li> </ul> <p>As part of the evaluation process Korn Ferry also enters job specifics into a proprietary job evaluation model that looks at other YEC evaluations as well as global Korn Ferry job evaluations as appropriate to arrive at an assessment. This is a computerized model that looks at similar positions and provides a ranking against this average.</p> <p>No specific benchmark compensation figures are reported to YEC, and YEC does not have access to the background information used by Korn Ferry in its assessments.</p>				

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<p><b>UCG-YEC-1-27</b> a) Please identify any/each consultant/contract hiring and cost amounts for planning and executing capital works.</p>	<p>The request is unreasonably broad. YEC is not able to provide the detailed information requested given the considerable time and effort it would take to collect and summarize this information.</p>	<p>Yukon Energy is giving the above underlined position as to why they have had to increase their staff level, yet they fail to give a reasonable response as to why while staff levels are increasing, consultants are continually hired to manage capital works and detail planning for the company. It is also important for Yukon Energy to explain why in-house/administrative costs are always added to the costs for capital works and planning processes.</p> <p>Accordingly, UCG requests the Board order YEC to give adequate response to these issues</p>	<p>As reviewed below, UCG’s motion that references UCG-YEC-1-27 goes completely beyond the original IR question, and seeks to ask a set of entirely new questions.</p> <p>UCG-YEC-1-27 quoted the following from page 3-9 of the Application (underlining as per original question): “At the historic staff level, employees were finding it difficult to keep pace with increased demands, more so as additional assets are added and increasing burden for planning and executing capital works”.</p> <p>The question then asked (underlining as per original question): “Please identify any/each consultant/ contract hiring and cost amounts for planning and executing capital works.”</p> <p>Yukon Energy’s response was as follows: ”The request is unreasonably broad. YEC is not able to provide the detailed information requested given the considerable time and effort it would take to collect and summarize this information.”</p> <p>With regard to the statement at page 3-9 of the Application quoted by UCG in UCG-YEC-1-27, it is noted that Yukon Energy is facing increased material capital spending requirements focused on sustaining capital requirements, investments to ensure sufficient dependable capacity for the integrated grid, and continued planning to meet other potential future generation and transmission requirements (see discussion in Tab 5, pages 5-1 to 5-4). This is a significant challenge that requires Yukon Energy to have sufficient internal resources available in house to manage the planning and</p>	<p>UCG believes it has enough information to go forward with this issue in argument.</p>	<p>Based on the UCG response that it has sufficient information for the IR at issue, no further information is required from YEC.</p>

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			<p>execution of these major capital works.</p> <p>However, planning and undertaking these types of projects also require access to external skills and expertise that are not available in house, or that cannot practically be retained in house. In these cases, it is more practical, economic and efficient to retain outside consultants/ contractors to undertake this work. Yukon Energy may also be required to retain outside contractors where it simply does not have the resources available in house to undertake the work. Retaining outside expertise to undertake this work is not unique to YEC, and it is also normal practice for utilities such as BC Hydro and Manitoba Hydro to retain external consultants to undertake such activities.</p> <p>In summary, UCG’s motion on UCG-YEC-1-27 provides no challenge at all to the adequacy of the response as provided by Yukon Energy to the unreasonably broad question actually asked. Further, the UCG motion on this matter seeks to ask a set of entirely new questions. Accordingly, there is no basis for the motion on UCG-YEC-1-27 and it should therefore be denied by the Board.</p>		



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<p><b>UCG-YEC-1-30(d)</b> d) Please provide a chart identifying the approved rate base for each GRA year since 1998.</p>	<p>This question is unclear as to what chart is being requested, as well as to any relevance to the current 2021 GRA of charting approved revenue requirements for prior years going back to 1998. Accordingly, YEC has not provided the requested information.</p>	<p>Here UCG requests for the YEC to give a chart for the approved rate base amounts of each year where a regulatory review took place, since 1998 when YEC took over its own management. Although this information is at easy access, YEC refuses to disclose, stating it is irrelevant to this application. UCG maintains that it is very relevant for the Board and the public to see the trends of rate base activity in the past.</p> <p>Accordingly, UCG requests the Board order Yukon Energy to disclose this info through a yearly chart.</p>	<p>Providing the requested information for each GRA year since 1998 has no relevance for the 2021 GRA. The relevant information from the last GRA is included in the 2021 GRA Application consistent with prior applications. In addition, if UCG wants to review similar information for prior years back to 1998, this information is available from the YUB web site through review of prior YEC applications and Board decisions. Accordingly, the UCG motion on UCG-YEC-1-30(d) should be denied by the Board.</p>	<p>UCG replies that it is not up to Yukon Energy to decide what is relevant to this GRA and to an intervener or the Board. It is the burden of the applicant to put information on record demonstrating rate base records and trends. UCG is not asking for every year since 1998, only GRA years, where this has been finalized</p>	<p>The Board finds that the information being requested by UCG would be helpful. The Board directs YEC to prepare a chart, commencing with the year 1998, that provides the amount of rate base approved for any test year where a GRA was submitted by YEC.</p>
<p><b>UCG-YEC-1-30(h)</b> h) Since \$11.861M 2019 increase, \$7.856 M 2020 increase, \$35.3M increase in rate base since 2018 approved, identify amounts for each year already approved. Identify where and when these were approved.</p>	<p>The Application focuses on changes to rate base and identifies specific capital, deferred and other rate base cost changes for review and approval. YEC is not able to respond to the question as it seeks a broad review as to all costs approved in the past that would require considerable effort to address without providing any assistance to the 2021 GRA approvals sought in this application.</p>	<p>UCG gave the following for reference identifying added ratebase to each year: h) Since \$11.921M 2019 increase (299,399 minus 287,478); \$7.856 M 2020 increase (307,255 minus 299,399); and \$15,522 proposed for 2021 (322,777 minus 307,255) Totaling \$35.299 since last GRA.</p> <p>UCG requested a breakdown of each of these years rate-base additions, i.e which projects, what costs for each year and identify any Board approval for any of these into rate base or WIP. Yukon Energy states this is too strenuous for them to locate the info requested, but if they cannot disclose this info how can they be adequately monitored/regulated to make certain all additions are prudent, without any</p>	<p>In summary, the 2021 Application sets out, for Board review and approval to include in rates, all specific project rate base cost additions that are not already approved by the Board (i.e., all projects completed since 2018 approved). Detailed project information is included in Tab 5 and the impact on ratebase is reviewed in Tab 7.</p> <p>Yukon Energy’s responded as follows to the original UCG-YEC-1-30(h) question:</p> <p>“The Application focuses on changes to rate base and identifies specific capital, deferred and other rate base cost changes for review and approval. YEC is not able to respond to the question as it seeks a broad review as to all costs approved in the past that would require considerable effort to address without providing any assistance to the 2021 GRA approvals sought in this application.”</p>	<p>UCG believes it has enough information to go forward with this issue in argument.</p>	<p>Based on the UCG response that it has sufficient information for the IR at issue, no further information is required from YEC.</p>

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		<p>overlaps or duplication. Accordingly, UCG requests the Board to order YEC to disclose this information.</p>	<p>The modified question as set out in the motion confirms that UCG is seeking information on a very broad and undefined basis with regard to when/where and what rate base costs (and rate base increases?) have been already approved by the Board. The Board approves costs for projects that are forecast to go into service and rates in test years – it does not approve WIP costs. However, even with that clarification, the information sought by UCG is very broad and also has no relevance to the 2021 GRA.</p> <p>Accordingly, the UCG motion on UCG-YEC-1-30(h) should be denied by the Board.</p>		
<p><b>UCG-YEC-1-32 (a-f)</b></p> <p>a) Does Fortis BC (Electric) borrow the majority of its' money/debt from a government mother corporation?</p> <p>b) Does Fortis BC (Electric) receive federal and provincial contributions for various programs? Explain.</p> <p>c) Does Fortis BC (Electric) have a rider or mechanism for Fuel price changes, a LowWater Reserve Fund/ similar</p>	<p>Tab 8 of the GRA Application provides information relevant to the Board’s assessment of comparative ROE risk for YEC and Fortis BC (Electric). The GRA also provides detailed reporting on YEC’s actual earnings in 2019 and forecast earnings in 2020, summarized as regards ROE in Table 1-1. The comparative risks of YEC and Fortis BC (Electric) (FBC) were extensively reviewed during the 2017-18 YEC GRA proceedings, with follow up questions on YEC Undertakings [YUB-YEC-3-5] providing additional detail related to FBC’s power supply context and arrangements with BC Hydro and information showing that the context for FBC is very</p>	<p>In this IR, UCG wants to get information on Fortis BC(Electric), which the YEC uses as their comparator for their Risk Premium on the RoR. YEC writes this question off by claiming this risk premium has already been established for this test year. UCG trusts this has not yet been established and the Board needs all the information it can get for the Fortis BC comparator before it sets this Risk Premium for the test year. Accordingly UCG requests the Board order YEC to answer all the question asked in this IR.</p>	<p>UCG-YEC-1-32 asked detailed questions regarding the following with regard to Fortis BC (Electric): sources of borrowings, ownership; receipt of federal and provincial contributions from various programs; rate riders for fuel price changes, low water reserve fund mechanisms or other mechanisms for stabilizing rates; and comparison of YEC and Fortis BC(Electric) “gross margin” [not defined], and earnings before interest, taxes and amortization in 2019 and 2020 (note that motion’s copy of sub question “f” incorrectly references YEC rather than the Fortis BC(Electric) reference in the original question).</p> <p>Yukon Energy provided the following response to UCG-YEC-1-32:</p> <p>“Tab 8 of the GRA Application provides information relevant to the Board’s assessment of comparative ROE risk for YEC and Fortis BC (Electric). The GRA also provides detailed</p>	<p>UCG replies that Yukon Energy is again telling us what is relevant and what is not relevant. This is a new test year and we have a new Board. It is not up to Yukon Energy to decide whether additional information requested by UCG in this information request will or will not change the assessments already provided, or assist the Board in this particular proceeding. Having deferral accounts to stabilize rates, like the Diesel Contingency Fund and Rider F, obviously lower risks for the utility. Sources of borrowings, ownership; receipt of federal and provincial contributions from various programs; rate riders for fuel price changes, low water reserve fund mechanisms or other mechanisms for stabilizing rates; and comparison of YEC and Fortis BC(Electric) “gross margin”, and earnings before interest, taxes and amortization in 2019 and 2020 to compare with Yukon Energy</p>	<p>The Board agrees with YEC that the parameters for the YEC benchmark against FortisBC (Electric) have been established and agrees that no further response is required for parts (a-c) of the IR. However, UCG may test any changes in circumstances such as if risk was shifted from YEC to customers.</p> <p>The Board considers that responses to parts (d-f) may be of potential benefit and directs YEC to provide responses to these parts.</p>

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<p>mechanism, or any other mechanism for stabilizing rates?</p> <p>d) Identify the gross margin for YEC in 2019 and 2020.</p> <p>e) Identify the earnings before interest, taxes and amortization for YEC in 2019 and 2020.</p> <p>f) Compare the numbers in 113 [d] and 114 [e] for the YEC to those of Fortis BC (Electric).</p>	<p>different and less risky than YEC. The power supply context for FBC was also reviewed in the 2017-18 GRA Undertaking #38 and Undertaking #39 as well as the following follow-up questions on YEC Undertakings: YUB-YEC-3-3, YUB-YEC-3-4, and YUB-YEC-3-6. In summary, it has been well documented in YEC proceedings that FBC is not on an isolated grid, and is not exposed to the same thermal cost risks that YEC is exposed to given that FBC has access to renewable generation resource options available on BC’s integrated grid system.</p> <p>Additional information requested by UCG in this information request will not change the assessments already provided, or assist the Board in this proceeding. (footnotes removed)</p>		<p>reporting on YEC’s actual earnings in 2019 and forecast earnings in 2020, summarized as regards ROE in Table 1-1. The comparative risks of YEC and Fortis BC (Electric) (FBC) were extensively reviewed during the 2017-18 YEC GRA proceedings, with follow up questions on YEC Undertakings [YUB-YEC-3-5] providing additional detail related to FBC’s power supply context and arrangements with BC Hydro and information showing that the context for FBC is very different and less risky than YEC. The power supply context for FBC was also reviewed in the 2017-18 GRA Undertaking #38 and Undertaking #39 as well as the following follow-up questions on YEC Undertakings: YUB-YEC-3-3, YUB-YEC-3-4, and YUB-YEC-3-6. In summary, it has been well documented in YEC proceedings that FBC is not on an isolated grid, and is not exposed to the same thermal cost risks that YEC is exposed to given that FBC has access to renewable generation resource options available on BC’s integrated grid system.</p> <p>Additional information requested by UCG in this information request will not change the assessments already provided, or assist the Board in this proceeding.”</p> <p>In summary, contrary to UCG’s motion on UCG-YEC-1-32, Yukon Energy did not “write this question off by claiming this risk premium has already been established for this test year.” Yukon Energy’s response set out in considerable detail the extensive information on the record to support the current Application with regard to the proposed risk premium comparisons of YEC</p>	<p>is also very relevant to determining if a risk premium is warranted.</p>	

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			<p>and Fortis BC(Electric) and stated that the additional information requested by UCG in this IR will not change the assessments already provided or assist the Board in this proceeding.</p> <p>Accordingly, the UCG motion on UCG-YEC-1-32 should be denied by the Board.</p>		
<p><b>UCG-YEC-1-34 (a-d)</b></p> <p>a) Provide all related stages a capital project undergoes from concept planning to a plant in use. Include all regulatory stages as well.</p> <p>b) Identify how each stage cost is accounted for.</p> <p>c) Provide a table/chart demonstrating stages for each capital project greater than \$1 million applied for in this application rate base since 2017/18 approved. On this chart for each stage, identify all consultant firm’s name and cost, all contract firm name and cost, all in-house costs with reason, a</p>	<p>(a) YEC follows a stagegate process. Depending on the complexity of the project, multiple gates may be initiated. Each stage has deliverables, timelines and responsibilities assigned as well as an estimated cost to reach the next stagegate. Upon successful completion of deliverables through each gate, a final project charter is drafted which encompasses the construction aspect of the project and is approved by Sr Management as well as the Board of Directors. The project is executed and when completed is transitioned to Operations for operation and maintenance.</p> <p>Regulatory tasks may or may not have separate stagegates. They are typically combined with other deliverables within a gate however treated like any other deliverable such that should the regulatory task not be completed, the project will not pass through the</p>	<p>As these large projects (i.e. Capital Projects &gt; \$1 million to include: LNG 3rd. Turbine; N-1 Capacity Shortage Whitehorse site; N-1 Capacity Shortage Faro site; Mayo to McQuesten Transmission Line; McQuesten Sub-Station; Transmission Line Refurbishment; Transmission Line 178 Refurbishment; Breaker Replacement Program; Replace P125 Headgate; WH2 Uprate; WH4Upr.) are multi-million dollar projects throughout several years and Yukon Energy states that they “track each stagegate cost”, then it is logical that this should be in some sort of continuity schedule more clearly identifying the cost of each of these individual projects.</p> <p>Although the Board has asked for clarity on many issues concerning these major projects and Yukon Energy has given significant answers (i.e. YUB-1-48 providing breakdown of costs and YUB-1-49 providing a historical costs from the 2008/09, 2012/13 and 2017/18 prior GRAs), the YEC has not clearly identified its</p>	<p>Yukon Energy’s original response to UCG-YEC-1-34(c and d) said that the information requested (with regard to a table/chart for each major capital project) cannot be reasonably provided in the time available. The response also noted that information on project costs breakdowns is provided in a number of information requests, including the response to YUB-YEC-1-49.</p> <p>The motion retains requesting all of the original IR information details in this regard, and adds some new information requests (re: when added to rate base and if any cost previously approved by the Board).</p> <p>Yukon Energy continues to note that the information requested in the motion regarding UCG-YEC-1-34 cannot be reasonably provided in the time available for responding to IRs. Yukon Energy also does not see any benefit for the Board that would justify the effort required to do what is being requested, given the extensive information already provided in the Application and responses to multiple IRs on major capital projects.</p> <p>Accordingly, the UCG motion on UCG-YEC-1-34 should be denied by the Board.</p>	<p>UCG replies that Yukon Energy should have continuity schedules for each project in their portfolio of capital projects. This would make it much easier for the regulator to review and adjudicate on. Good and easy access to accounting procedures improves credibility and trust.</p>	<p>The Board agrees with the points brought up in the UCG submission. Providing costs for each step in the process gives the Board a better understanding of whether YEC has prudently incurred costs over the project time period. Continuity schedules also allows the Board to confirm there is no duplication of costs being requested to be added to the rate base.</p> <p>Accordingly, the Board finds the information requested by UCG to be helpful and directs YEC to provide continuity schedules of each capital project greater than \$1 million. This entails providing information outlined in UCG-YEC-1-34 and UCG’s motion. YEC is to provide these schedules in excel format with formulae intact.</p>

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<p>total of each stage cost. Provide and identify all contributions amounts (government, mining, others) for each stage.</p> <p>d) Identify any cost overruns and amounts for each stage of each project in #8 above. (footnote removed)</p>	<p>associated gate.</p> <p>(b) Costs for each stagegate are tracked separately and are included in the total project cost upon completion.</p> <p>(c) and (d) The detailed information requested cannot be reasonably provided in the time available. Information regarding project costs breakdowns for major capital projects is provided in a number of information requests, including the response to YUB-YEC-1-49.</p>	<p>tracking of costs in an easy to digest manner.</p> <p>Accordingly, UCG requests the Board direct Yukon Energy to provide continuity schedules outlining from start to finish of each project: work completed each year and what costs for each stagegate activity; contribution amounts and contributor used for each stagegate; if and when any of these stagegate activities were added to rate base; and if when any cost were previously approved by the Board.</p> <p>This is absolutely necessary to accurately trace the prudence of each project cost and to ensure no repetition nor overlap of costs are being requested to be added to the rate base.</p>			
<p><b>UCG-YEC-1-38 (a-b)</b></p> <p>a) Identify contribution amount and contributor for each year and explain precisely what used for. (Not adequately explained in business profile).</p> <p>b) If none of these contributions were from Alexco please</p>	<p>(a) See Tab 5, Section 5.2.1.3 of the Application. As noted at Tab 5, page 5-11, the project received a Federal Government contribution of \$23.674 million which covers 75% of the eligible project budget. The contributions for 2019 (of \$0.274 million), 2020 (of \$ 15 million) and 2021 (of \$8.4 million) total to this amount. Contributions are applied against total project costs in each year in order to reduce the impact on</p>	<p>MMTL Upgrade</p> <p>The tracking of costs of this project is a prime example of why UCG-1-34 should be answered for all major projects. This has been a multi-year project with various stagegate activities; various contributions from the Federal and Territorial (through YDC) Governments, which have not been clearly identified as to which stagegate and amounts use, either in the business plan nor IR responses. In order to easily track all of the work completed for each of these differing</p>	<p>The commentary provided by UCG’s motion on UCG-YEC-1-38 does not relate at all to the question posed or the adequacy of the response to the question posed. Further, the request made goes well beyond the information requested in the original question. On this basis alone, the Board should deny the UCG motion on UCG-YEC-1-38.</p> <p>Yukon Energy also notes that there is no merit to the assertions made in UCG’s motion. For the MMTL Upgrade, both the Application and the IR response clearly identify the contribution amounts towards the project, the source of the</p>	<p>UCG believes it has enough information to go forward with this issue in argument.</p>	<p>Based on the UCG response that it has sufficient information for the IR at issue, no further information is required from YEC.</p>

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<p>explain why not?</p>	<p>rates.</p> <p>(b) Industrial mine connections are subject to Power Purchase Agreements (PPAs) as approved by the Board. The PPA for Alexco Resources (as well as the PPA for VGC Group) sets out when contributions are required up front from the customer to cover all costs for the installation of transmission facilities used only for each mine. No such up front contributions are required for transmission facilities (such as the Mayo-McQuesten new transmission) that also service other customers on the Yukon Integrated System.</p> <p>The Alexco and VGC Group PPA provisions also provide for industrial customers that connect to the Mayo to Keno common transmission facilities that service this region to make significant contributions (i.e., 85%) through the Fixed Charge towards the annual YEC depreciation and return expenses related to the rate base cost for these Transmission Facilities. These provisions will result in these two industrial customers paying for 85% of the annual</p>	<p>stagegates, contribution and contributor amounts for each stagegate, rate base additions if and when previously added (and if approved); then a proper continuity schedule outlining all of these are necessary to ensure prudence of each cost, no overlap nor repetition of costs.</p> <p>Accordingly, UCG requests the Board order Yukon Energy to be transparent on this request of the MMTL Upgrade to present a continuity schedule outlining each year, the work completed for each of these differing stagegates, the costs of each, the name of contributor and contribution amounts for each stagegate activity, and identify all rate base additions previously added (and if approved)</p>	<p>contribution, and explain how these are applied against total project costs in a given year to reduce the impact on rates. Accordingly, for these additional reasons, the UCG motion on this matter should be denied.</p>		

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	<p>depreciation and return expenses for the new Mayo-McQuesten transmission facilities</p> <p>Yukon Energy has been pursuing the SKTP to improve electrical transmission infrastructure in central Yukon between Stewart Crossing and Keno City; reinforce and strengthen the grid between Stewart Crossing and Mayo; and replace and remove deteriorated and “end of life” transmission infrastructure between Mayo and Keno City. With regard to the line segment between Mayo and Keno City, it has been well documented that the line facilities are significantly deteriorated and need to be rebuilt due to safety and reliability concerns. As such, recent capital costs related to these facilities are not directly due to the VGC Group Mine or the Alexco mine facilities.</p>				
<p><b>UCG-YEC-1-43</b></p> <p>a) Provide all prior work done on WH4, years work completed, along with each cost for the WH4 Uprate program, that have been already been</p>	<p>(a) In 2017, YEC performed a major overhaul on hydro unit #WH4 including replacement of both the exciter and rotor spider. This work was unrelated to the current servomotor replacement uprate project. The Hydro Unit #WH4 Overhaul was reviewed as part of the 2017/18 General</p>	<p>Whitehorse #4 Refurbishment This project has been ongoing for several years with some costs apparently already placed into the rate base. It is in the multi-millions of dollars and needs to be clearly outlined in a continuity schedule from start to finish. There is a need to qualify and quantify ALL transactions</p>	<p>UCG’s assertions on UCG-YEC-1-43 and on the Whitehorse #4 Refurbishment are without merit – and the information requested in the motion is overly broad and goes well beyond the scope of the 2021 GRA and the information requested in the original IR. It is also noted that ratebase additions already approved are not relevant to this proceeding.</p>	<p>UCG replies that it is vitally important and relevant to see the total cost of a project outlined in an easy to read continuity schedule, whether it took place in one year or has been on-going through several regulatory processes. Only then can stakeholders and the Board see if these total costs are prudent when compared to other alternatives. At some point costs for a</p>	<p>Similar to its reasons around UCG-YEC-1-34, the Board agrees that providing costs for each step in the process gives the Board a better understanding of whether YEC has prudently incurred costs over the project time period. Continuity schedules allows the Board to</p>

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<p>approved and placed in rate base.</p>	<p>Rate Application (see Tab 5, Section 5.2.1.5 of the 2017/18 GRA and Board Order 2018-10, paragraph 421).</p>	<p>and work performed on Whse. #4, since commencement of various stages of refurbishment until present, in order to trace the full costs of this project to demonstrate prudence of project costs and ensure no duplication nor overlap of costs. There are also some WH4 costs not accounted to the refurbishment, which need to be identified and clarified to determine full costs of WH4.</p> <p>Accordingly, UCG requests the Board order Yukon Energy to be transparent on this request on the total Whitehorse #4 Refurbishment; to present a continuity schedule outlining each year, from conception, the work completed for each of these differing stagegates, the costs of each, and identify all rate base additions previously added (and if approved)</p>	<p>Accordingly, the UCG motion on this matter should be denied by the Board.</p>	<p>particular project do not make economic sense.</p>	<p>confirm there is no duplication of costs being requested to be added to the rate base.</p> <p>Accordingly, the Board finds the information requested by UCG to be helpful and directs YEC to provide continuity schedules of the WH4 Uprate Program. This entails providing information outlined in UCG-YEC-1-43 and UCG’s motion. YEC is to provide these schedules in excel format with formulae intact.</p>