

## **Yukon Utilities Board**

Board Order 2023-22  
Appendix A: Reasons for Decision  
September 15, 2023

## **Interim rate request**

1. In its 2023-24 General Rate Application (Application), ATCO Electric Yukon (AEY) is seeking approval of interim refundable adjustments to Rider R for August 1, 2023 of 6.68% to be applied to all AEY and Yukon Energy Corporation (YEC) primary base revenues and approval for an additional adjustment to 13.50% for rate Rider R for all AEY and YEC primary base revenues beginning January 1, 2024.
2. AEY noted that “In Appendix A of Board Order 2016-02, the Board found that: ‘...until the merits of the Application are determined, these interim refundable rates promote rate stability. The Board considers that granting half of the applied-for revenue requirement increase for 2016 results in interim rates that are just and reasonable to both the utility and consumers.’”<sup>1</sup> (Footnote omitted) AEY added that the interim rates applied for will minimize future true-ups and promote rate stability.

## **Intervener submissions**

3. The Utilities Consumers’ Group (UCG) calculated that if a 1.62% decrease represented a refund of 40% of the surplus, then a reduction to Rider R of 4.05% would represent 100% of the surplus; therefore, UCG asked for a 4.05% reduction to Rider R. UCG did not see a need for any interim rate rider adjustments for January 1, 2024.
4. John Maissan recommended that, on an interim refundable basis, Rider R remain at 8.30% for 2023 and that it be increased to 10.80% for 2024. The reasoning provided by Mr. Maissan included that AEY did not include current fuel prices in its interim rates determination and that AEY’s capital plans are overly ambitious and not realistic.
5. The Yukon NDP Caucus (NDP) did not accept AEY’s calculations, as fuel prices were not included. The NDP recommended that AEY refund to customers all dollars in excess of approved earnings over the past eight years.
6. YEC made no comment regarding the quantum of AEY’s interim refundable rate. YEC recommended that any changes to AEY’s Rider R be effective October 1, 2023 to coincide with YEC’s upcoming interim refundable rate adjustment that will be proposed upon YEC filing its General Rate Application (GRA).

## **AEY reply comments**

7. With respect to fuel price impacts, AEY submitted that adjusting the interim rate adjustment for fuel while collecting and deferring fuel balances through the

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<sup>1</sup> 2023-24 General Rate Application, PDF page 257, paragraph 3

Deferred Fuel Price Variance (DFPV) account and Rider F would result in overcollection of fuel costs on an interim basis. AEY added that, consistent with the treatment in AEY's 2013-15 and 2016-17 GRAs, the impact to Rider R related to incremental fuel prices will be adjusted once a final revenue requirement has been determined. At that time, Rider F will concurrently be adjusted to mitigate over/undercollection of fuel costs that would require a refund through future Rider F adjustments.

8. In regard to AEY's capital spending plans, AEY responded that a significant portion of the total requested net capital additions for 2023 have been completed and, to the extent that there are differentials between filed and approved final rates, the interim rates under Rider R are refundable and will be adjusted when final rates are determined by the Board.
9. AEY requested that the Board reject UCG's interim rate proposals, as UCG has not demonstrated how rate stability is achieved. AEY added that UCG's comments regarding the timing and frequency of applications are outside the scope of AEY's interim rates request.
10. Comments pertaining to the refunding of past earnings were rejected by AEY as retroactive rate-making and against the generally accepted regulatory principle of prospective rate-making.
11. AEY did not oppose implementing its 2023 proposed rate decrease effective October 1, 2023 and further proposed to net its 2023 rate decrease with its 2024 rate increase effective January 1, 2024. The effect of the AEY proposal is to have Interim Rate Adjustment Rider R set to 11.87% effective January 1, 2024 after having that same Interim Rate Adjustment Rider R set to 6.68% effective October 1, 2023.

### **Findings of the Board**

12. The Board does not agree with AEY that its interim rate proposals promote rate stability. Having a small rate decrease occur in October 2023 only to have a relatively large rate increase occur in January 2024 does not correlate with the Board's view of stable rates. Further, a 5.2% increase in rates on January 1, 2024 represents 100% of the requested rate increase, as displayed in Table 1 of AEY's cover letter to its 2023-24 GRA. Without making determinations on the merits of AEY's 2023-24 GRA, the Board agrees with the view of Mr. Maissan that a reasonable approach to interim rates is for Interim Rate Adjustment Rider R to remain at 8.30% for 2023 and then, effective January 1, 2024, Interim Rate Adjustment Rider R be increased by 2.50% to 10.80%.

13. In making this determination, the Board considered:

- the quantum of the interim rate increase and need for the increase, including the impact of the proposed interim rates and any shortfall in revenue to the utility;
- For the interim rate request, AEY relied on the determination from Board Order 2016-02 but only provided comment regarding rate stability; and
- the merits of the applied-for revenue requirements have not been tested.

14. The merits of AEY's requested revenue requirements for 2023 and 2024 will be fully tested in the process outlined in Board Order 2023-18. Any difference between amounts collected according to interim refundable rates and those finally approved by the Board will be refunded to or recovered from Yukon customers as the case may be. The Board notes the submissions of Mr. Maissan that the capital area of the Application may be controversial and that AEY has provided an issues list of other potential areas of the Application likely to be contested. However, the Board considers that there is a possibility of a rate increase for 2024 following the hearing into the Application. The Board is of the view that approving 2024 interim refundable rates will preserve AEY's opportunity to recover the revenues ultimately determined by the Board to be just and reasonable for both test years of the Application. AEY's proposal to net the 2023 rate change with the 2024 rate change supports the Board finding of a 0% change for 2023 and an increase of 2.50% for Interim Rate Adjustment Rider R in that the net effect of the two years are what will ultimately be trued-up between the utility and customers.

15. The Board agrees with AEY that all comments regarding earnings prior to 2023 are retroactive rate-making and will not be considered by the Board. Further, comments regarding the timing of applications are outside of the scope of the interim rate portion of this Application.