

# Yukon Utilities Board Board Order 2026-08

Appendix A: Reasons for Decision

March 12, 2026

# 1. Introduction and Background

1. Yukon Energy Corporation (YEC) filed with the Board a compliance filing dated February 10, 2026, pursuant to Board Order 2026-01, issued January 20, 2026. In the filing, YEC made submissions regarding its compliance with the directions in Board Order 2026-01.

2. In addition, YEC sought final approvals:

- for Rider J (Rate Adjustment Rider): set at 100.23 per cent for retail non-industrial customers and 96.58 per cent for industrial customers effective April 1, 2026, applicable to all YEC and AEY firm retail and industrial rates, including fixed Rider F and fixed charge payments for major industrial rates (all AEY recoveries from this rider would flow through to YEC).
- Further, for Rider J (Rate Adjustment Rider): set at 113.23 per cent for retail non-industrial customers and 109.58 per cent for industrial customers effective January 1, 2027, applicable to all YEC and AEY firm retail and industrial rates, including fixed Rider F and fixed charge payments for major industrial rates (all AEY recoveries from this rider would flow through to YEC).
- for Rider J1 (Temporary Rate Adjustment Rider): set an additional increment of 6.46 per cent, in addition to the existing amount of 9.45 per cent to bring the total Rider J1 at 15.91 per cent effective April 1, 2026, applicable to all YEC and AEY firm retail and industrial rates including fixed Rider F and fixed charge payments for major industrial rates (all AEY recoveries from Rider J1 would flow through to YEC).
- for Rider J1 (Temporary Rate Adjustment Rider): set at 14.60 per cent effective January 1, 2027, to be in effect applicable to all YEC and AEY firm retail and industrial rates including fixed Rider F and fixed charge payments for major industrial rates (all AEY recoveries from Rider J1 would flow through to YEC). This Rider is set to expire December 31, 2027.
- for the average blended fuel price of \$0.2629/kWh for thermal generation based on approved LNG fuel cost of \$0.2482/kWh and diesel fuel cost of \$0.3219/kWh and fuel mix of 80% LNG and 20% diesel as determination of average blended fuel price per kWh for thermal generation is required by OIC 2019/25, section 3(2).

3. YEC further requested that Board approvals and a final order be issued before mid-March 2026 so that final rates may be effective April 1, 2026.

4. For this compliance proceeding, the Board issued Board Order 2026-03 dated February 13, 2026 setting a process whereby interveners were given the opportunity to provide comments on YEC's 2025-2027 GRA Compliance filing by February 20, 2026 and YEC was given the opportunity to reply to intervener comments by February 27, 2026.

5. No intervenor comments were received by the deadline.
6. YEC filed correspondence, dated February 23, 2026, noting that intervenor comments had not been filed, stating that reply comments from YEC were not required, and acknowledged that Mr. Yee filed a review and variance (R&V) application with the Board. YEC clarified its understanding that any R&V process is separate from the compliance filing process and that any possible outcome from the R&V would only impact the true-up amounts for the 2025 and 2026 test years but will not impact the January 1, 2027 final rates. YEC added that if any adjustments were granted based on Mr. Yee's R&V, those adjustments could be implemented through a proposed true-up rider, Rider J1, effective January 1, 2027. Therefore, YEC requested approval of the compliance filing as filed for rates effective April 1, 2026.
7. The record for this proceeding closed on February 23, 2026.
8. In reaching the determinations contained within this Board Order, the Board has considered all relevant materials comprising the record of this proceeding. Accordingly, references in these reasons for decision to specific parts of the record are intended to assist the reader in understanding the Board's reasoning related to a particular matter and should not be taken as an indication that the Board did not consider all relevant portions of the record with respect to that matter.

## 2. Discussion of Compliance Filing

9. In its compliance filing, YEC responded to the 44 directions issued by the Board in Appendix A to Board Order 2026-01: Reasons for Decision. Of those responses, 25 related to the next or future GRAs (Directions 2, 10, 11, 12, 15, 23, 26-44). Therefore, YEC directly responded to 19 directions in this compliance filing.
10. The Board has reviewed the responses to the 19 directions from Board Order 2026-01, reviewed and evaluated the tables and financial schedules submitted by YEC and has found YEC has complied with the directions. However, comments made by YEC at PDF page 7 and to Direction 6 (PDF pages 26-27) require further response from the Board.

## 4. YEC comments on Rates, Stabilization Measures and Board Direction 6

### 4.1 YEC Response to Rates and Stabilization Measures

11. Regarding the Low Water Reserve Fund (LWRF), in Appendix A to Board Order 2026-01, at paragraphs 571 and 572, the Board stated the following:

571. The evidence of YEC is that wholesale sales to AEY are treated on a net basis, that is, AEY load net of supply directly connected to AEY. From a practical perspective, the Board accepts the wholesale purchases forecast from AEY on a net basis as YEC does not have independent visibility of generation from renewable sources connected to the AEY system. Therefore, it does not have an impact on the LWRP calculations.

572. The Board accepts and approves the LWRP as submitted by YEC for this application. In this application YEC stated it did not update the water years history for determining LTA water availability. YEC is directed to update the water years history for LTA calculations for its next and future GRAs.

12. In response to the above direction, YEC stated

In paragraph 571 of Appendix A to Order 2026-01, the Board states: “The evidence of YEC is that wholesale sales to AEY are treated on a net basis, that is, AEY load net of supply directly connected to AEY. From a practical perspective, the Board accepts the wholesale purchases forecast from AEY on a net basis as YEC does not have independent visibility of generation from renewable sources connected to the AEY system. Therefore, it does not have an impact on the LWRP calculations.” It should be clarified that the wholesales provided by AEY for this GRA are net of Fish Lake generation, and that YEC has continued to assume (without confirmation from AEY) that these wholesale forecasts are net of Fish Lake LTA (Exhibit 20, Undertaking #9, PDF page 3 and Appendix A to Board Order 2026-01, paragraph 570). Fish Lake generation variation from the LTA impacts calculations in LWRP and ERA, as both remove the impact of Fish Lake change from the LTA; based on paragraph 571 of Appendix A to Order 2026-01, YEC will assume for subsequent LWRP and ERA calculations that the approved GRA test year wholesale forecasts are net of Fish Lake LTA.<sup>1</sup>

#### 4.1.1 Board Findings

13. The Board acknowledges YEC’s comments set out above. However, paragraphs 571 and 572 of Appendix A to Board Order 2026-01 speaks for itself and the Board has nothing further to add.

## 4.2 YEC Response to Direction 7

14. For this compliance filing YEC was directed to:

Further, YEC is directed to defer any brushing costs in excess of the 2024 level of \$1.045 million. This direction does not preclude YEC from its collection of the

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<sup>1</sup> YEC Compliance Filing, PDF page 7, footnote 2.,

existing remaining balance of deferred vegetation management costs for the years 2025 and 2026 in the amount of \$0.222 million per year.<sup>2</sup>

15. YEC provided the following response:

The Compliance filing revenue requirements include the existing balance of deferred vegetation management costs for 2025 and 2026 in the amount of \$0.222 million per year as directed by Directive 6.

The Board in paragraph 171 of Appendix A to Order 2026-01, leading to the directive in paragraph 172 (Directive 4), stated the following:

The Board considers that one way to reduce both ratepayer and utility risk to this lack of stability is to reactivate the use of the established deferred vegetation management account. In doing so, ratepayers will benefit from paying only for actual brushing costs incurred, and the utility will, similarly, recover all prudently incurred brushing costs as accomplished during a given year.

In paragraph 174 (Directive 6), the Board then directs Yukon Energy to defer any brushing costs in excess of the 2024 level of \$1.045 million.

Yukon Energy seeks further clarification from the Board regarding the brushing cost deferral: whether Yukon Energy (a) should reflect any variances between the approved costs for each test year and actual brushing costs, or (b) should reflect only the amount in excess of \$1.045 million/year as directed in paragraph 174, or (c) should reflect any variances between the actual brushing costs and \$1.045 million/year level as noted by the Board.<sup>3</sup>

#### 4.2.1 Board Findings

16. In response to the YEC request for clarification, Direction 6 from Appendix A to Board Order 2026-01 is amended as follows:

YEC is directed to reflect any variances in its vegetation management deferral account that occurs between the approved costs for the test year or last approved test year and the actual brushing costs for the year in question. Further, once the balance in the deferred vegetation management account exceeds a balance of +/- \$1.045 million, YEC is to make an application to the Board to dispense with the balance in that account.

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<sup>2</sup> Appendix A to Board Order 2026-01, paragraph 174.

<sup>3</sup> YEC 2025-2027 GRA Compliance Filing, PDF pages 26-27.

## 5. Summary of Board Approvals

17. Based on the foregoing and the Board's review of the compliance filing, the directions given YEC, all submissions provided, and the reasonableness of the calculations in the submitted schedules and tables, the Board approves the following:

- Rider J (Rate Adjustment Rider) be set at 100.23 per cent for retail non-industrial customers and 96.58 per cent for industrial customers effective April 1, 2026, applicable to all YEC and AEY firm retail and industrial rates, including fixed Rider F and fixed charge payments for major industrial rates (all AEY recoveries from this rider would flow through to YEC).
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- The average blended fuel price of \$0.2629/kWh for thermal generation based on approved LNG fuel cost of \$0.2482/kWh and diesel fuel cost of \$0.3219/kWh and fuel mix of 80% LNG and 20% diesel as determination of average blended fuel price per kWh for thermal generation as required by OIC 2019/25, section 3(2).

18. YEC is to provide an acknowledgement filing of the applicable rate schedules that reflect the determinations of this decision to the Board within 5 business days of the issuance of this decision.