



**PUBLIC INTEREST ADVOCACY CENTRE**  
**LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**

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(416) 767-1666

May 17, 2010

Yukon Utilities Board  
Box 31728  
Whitehorse, Yukon  
Y1A 6L3

Attention: Shay Smart, Board Secretary

**Re: Yukon Energy Corporation / Yukon Electrical Company Limited  
General Rates Application – Phase II**

Dear Ms. Smart:

As Executive Director of the Public Interest Advocacy Centre in Ottawa (PIAC), I am pleased to advise you that the Utilities Consumers' Group (UCG) has sought to retain our services for the upcoming General Rates Application – Phase II proceeding for the Yukon Energy Corporation (YEC) and the Yukon Electrical Company Limited (YECL).

Accordingly, I would like to now make application for intervenor status for the Utilities Consumers' Group.

UCG has actively participated in most proceedings before this Board since 1993 as well as other energy-related matters and consultations representing the interests of residential and small business ratepayers in the Yukon. In particular UCG was an approved intervenor in the related Phase I proceeding.

The following issues of concern will be the focus of the UCG intervention:

Cost Allocation

- The appropriateness of the proposed cost allocation and its relationship to a YUB-approved methodology
- Proposed changes to the YUB-approved cost allocation methodology

- Changes in revenue to cost ratios
- Revenue deficiency allocations
- Adequacy of functionalization, classification and allocation factors
- OIC 2008/149 and its impact on cost allocation analysis, if any

### Rate Design

- Rates designed to recover 100% of allocated costs per rate class and the impact that OIC 2008/149 has on generally accepted rate design.
- Rate design implications of proposed cost allocation changes including YECL Diesel Generation Energy Cost Recovery Rider D
- Reconciliation of revenue deficiency to revenue from proposed rates
- Appropriateness of revenue/cost ratios resulting from proposed rates
- Customer impacts
- Monthly customer charges
- Late payment charges
- Allocation of deferral accounts and proposed dispositions
- Terms and conditions of service
- Implementation of any rate design changes
- Alternative rate designs including performance based mechanisms.

It is PIAC's proposal to make available to UCG Michael Buonaguro as legal counsel for this proceeding and to have Mr. Buonaguro travel to Whitehorse from Toronto for the oral hearing scheduled for September 14-16 inclusive, in addition to participating in the review of the application material, the formulation of issues, the interrogatory process, and the drafting of written argument and reply argument.

### Rate Requested

As the Board is no doubt aware, UCG does not have access to the direct funding required to retain appropriate legal support for its intervention; accordingly UCG relies on PIAC, as do other groups that retain PIAC's services, to provide legal support on the basis that PIAC can recover its fees and disbursement from the Board through the appropriate cost process. In this way PIAC is entirely at risk with respect to its participation in most regulatory proceedings; PIAC recovers only those disbursements and fees that the relevant Board allows it to recover in a cost award from rates.

As PIAC's legal counsel in Toronto, Mr. Buonaguro specializes in regulatory proceedings related to energy, and qualifies, in accordance with the Ontario Energy Board tariff, for a rate of \$230.00 per hour. We are aware, having participated in fairly recent YUB proceedings, that the current YUB tariff maximum for intervenor counsel is \$225.00 per hour. Accordingly PIAC respectfully submits that it would be appropriate to allow recovery of a rate of \$225.00 per hour for Mr. Buonaguro's participation in these proceedings on behalf of UCG, subject to the Board's review of his cost claim.

## Retainer of Pat McMahon

As was the case in PIAC's recent participation in YUB proceedings, we are fortunate that UCG has been able to retain the services of Pat McMahon as a consultant to assist with UCG's review of this application. It is normally PIAC's practice in regulatory proceedings as complex as cost allocation and rate design applications to retain at least one consultant of Mr. McMahon's caliber to review the application, draft interrogatories, and work on argument and reply argument as appropriate. In Ontario a consultant with Mr. McMahon's qualifications providing these types of services would be entitled to a rate of \$330.00 per hour; accordingly, absent Mr. McMahon's participation, PIAC would likely provide a consultant to work in tandem with Mr. Buonaguro, and would seek, at a minimum, the YUB tariff rate of \$225.00 for his/her services. With the retainer Mr. McMahon, our need for a skilled consultant to assist with this proceeding has been filled with someone with not only the relevant general knowledge of the industry, but, as the Board is no doubt aware, an extensive background in the history of the Yukon energy sector in particular. In these circumstances we would respectfully submit to the Board that Mr. McMahon's requested rate of \$60.00 per hour is more than justified. We have included Mr. McMahon's resume with this request.

## Expert Evidence

At the present it is our assessment that additional expert evidence does not appear to be necessary; however it may be, subsequent to receiving responses to interrogatories, that we feel it appropriate to submit expert evidence on behalf of UCG on one or more issues. In that event, we will advise the Board promptly of our intent to submit evidence. We anticipate that in order to retain an appropriate expert to provide written evidence, respond to IRs, and attend the hearing, we will likely seek to recover the expert's costs at \$225.00 per hour. Again, at the moment UCG is seeking to proceed without such additional evidence if practicable, and will advise the Board if that intent changes.

If the Board has any questions about this PIAC proposal, questions may be directed to Mr. Buonaguro at [mbuonaguro@piac.ca](mailto:mbuonaguro@piac.ca).

Yours truly,

Michael Janigan  
Executive Director  
Encl.

## **Patrick E. McMahon**

### *PaTina Energy Consultants*

65 Devon Road

Chatham, Ontario, N7L 3T7

Telephone: 519•354•8486 (residence)

E-mail: patrick.mcmahon@sympatico.ca

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## **EXPERIENCE / WORK HISTORY**

### **Union Gas Limited**, Chatham, Ontario

September 2004 - Present **Manager, Regulatory Research and Records**

*Summary of Function:* Reporting to the Director, Regulatory Affairs, I manage the efforts of the Regulatory Research and Records group to monitor regulatory proceedings at the Ontario Energy Board and other jurisdictions, evaluate the issues raised during the proceedings, and communicate relevant issues to client departments throughout Union Gas. I am responsible for creating evidence and filing franchise renewal applications with the OEB. I also conduct specific research into regulatory issues and precedents and present findings to client departments.

- Intervene on behalf of Union Gas in proceedings before the Ontario Energy Board and other jurisdictions and coordinate submissions as required.
- Provide an ongoing review of current regulatory issues throughout North America relating to natural gas and electricity regulation and provide assessment of the impacts to Union Gas.
- Work directly with District Managers, Municipal Relations and OEB staff to resolve any issues related to franchise renewal proceedings.
- Coordinate with OEB staff, IT and client departments on the implementation of the OEB's electronic filing and document standardization initiative within Union Gas.

June 2002 - September 2004 **Manager, Product and Services Costing**

*Summary of Function:* Reporting to the Director, Regulatory Affairs, I was accountable for managing the preparation of financial and related material to fulfill the requirements and support the initiatives of various internal and external client groups, primarily as they relate to cost of service information. Internally, this included providing support for pricing of new and existing services, providing inputs into the determination of performance metrics for asset yield and supporting asset planning as it relates to the justification of new facilities. I was also responsible for any reporting, both to the Ontario Energy Board and stakeholders, arising out of the company's rate plans as it relates to cost of service.

- Managed the provision of necessary and sufficient data for sound planning by organizing accurate and timely cost analysis studies and reports tuned to the needs of Union Gas.
- Improved accuracy, completeness and operational usefulness of studies and reports by appropriate integrated computerized information systems.
- Accountable for working closely through a cross-functional team consisting of representatives from Asset Yield, Asset Planning, and Product and Pricing to develop a consistent understanding of costing data and its use to support Union Gas' strategic objectives.

## EXPERIENCE / WORK HISTORY (cont'd)

November 2001 **Team Lead, Regulatory Research and Records**  
- June 2002

*Summary of Function:* Reporting to the Manager, Regulatory Applications, I monitored regulatory proceedings at the Ontario Energy Board and other jurisdictions either in person or through review of transcripts and decisions. I evaluated the issues raised during the proceedings and communicated relevant issues to client departments. I was responsible for creating evidence and filing franchise renewal applications to the OEB. I also conducted specific research into regulatory issues and precedents and presented findings to client departments.

- Intervene on behalf of Union Gas in proceedings before the OEB and other jurisdictions and coordinate submissions if required.
- Provide an ongoing review of current regulatory issues throughout North America relating to natural gas and electricity regulation and assess the impacts to Union gas.
- Work directly with OEB staff to resolve any issues related to franchise proceedings.
- Coordinate with OEB staff, IT and client departments and Regulatory Affairs on the implementation of the OEB's electronic filing initiative within Union Gas.

**Government of Yukon**, Whitehorse, Yukon  
Department of Economic Development

May 1997 **Utilities Analyst, Energy Unit, Corporate Policy Branch**  
- November 2001

*Summary of Function:* This position serves as the Yukon Government's chief advisor on energy interests related to electricity system development, management and regulation. This includes analysis and advice to government on the development and management of Yukon's electricity system and to the roles of the energy industry stakeholders. This position recommends strategies, policies and positions and provides technical analysis of options.

- Provided timely and accurate responses for the Minister, Deputy Minister, Government Leader and Energy Commissioner on issues that arose.
- Assisted other staff within Government, in providing comments and input on their projects - including power supply to mining customers, draft rural electricity service policies, draft Energy Chapter of Agreement on Internal Trade, relicensing of Aishihik Lake generation facilities, electrical rate design in other jurisdictions, review of Yukon conservation strategy, electricity supply development potential, and northern economy development projects.
- Lead role in providing input to the Energy Commission on issues related to various comprehensive policy issues. Included writing papers, ministerial statements and letters, providing comments on other documents and developing support material for public consultations.
- Established as resource / information base for utility-related issues and regulations - keeping YEC abreast of current issues related to surplus hydro in BC, economic development initiatives, interconnection alternatives, and rate design in other jurisdictions.
- Responsibility for the financial management role in the Energy Unit - managing administrative functions by chairing team meetings on the allocation of Energy Unit budget resources and the establishment of budget requirements; monitoring budget expenditures and prepares periodic variance reports.

## EXPERIENCE / WORK HISTORY (cont'd)

March 2000  
- June 2001

### **Senior Oil and Gas Analyst**, Oil and Gas Resources Branch (15-month secondment)

*Summary of Function:* Reporting to the Manager, Oil and Gas Resources Branch, this position plans, formulates, develops, and implements legislation, regulations and guidelines required for the management of Yukon's oil and gas resources; collaborates with First Nations on the joint development and ongoing support of Yukon's common oil and gas regime; monitors oil and gas sector developments; assesses a wide array of oil and gas issues, formulates government positions, and advises on appropriate courses of action; manages the establishment of economic and financial computer modeling capabilities; and participates in other government initiatives requiring oil and gas input and performs other related duties.

- Lead role in developing utility franchising process for Yukon and initiating process to establish a gas distribution utility in Whitehorse.
- Lead role in negotiating benefits agreements with Yukon First Nations and oil and gas companies as required for all oil and gas activity licenced under the Yukon's *Oil and Gas Act*. Lead role in negotiating contribution agreements and terms of reference for training and youth initiatives funds associated with benefits agreements.
- Branch representative on intergovernmental (Federal, Territorial, First Nations) oil and gas training working group tasked with developing a training strategy for the Yukon as well as the department working group dealing with development assessment legislation and developing Yukon government policy regarding public/private partnerships.
- Provide timely and accurate responses for the Minister, Deputy Minister and Premier on issues related to gas distribution utilities, benefits agreements, oil & gas training strategies, and oil & gas activities.

### **Trans Mountain Pipe Line Company Ltd.** Vancouver, British Columbia

1994 – 1997

### **Manager, Regulatory Affairs**, Regulatory Affairs Department

*Summary of Function:* Maximize the Company's earnings potential within the regulatory framework determined by the National Energy Board, BC Utilities Commission and the Federal Energy Regulatory Commission; perform financial analysis of planning and forecasting for jurisdictional and non-jurisdictional activities; coordinate preparation of TMPL's annual operating / capital budgets and quarterly updates; responsible for the overall preparation of toll / facilities applications to the Company's regulators and responses to related information requests.

- Supervised preparation of toll applications to NEB, BCUC, and FERC; conducted review meetings to gain management approval and ensure timely submissions; liaised with consultants; prepared rebuttals to filed objections.
- Coordinated and directed the physical compilation of regulatory submissions (toll applications, facilities applications) including the logistics and scheduling of same. Presented evidence and testimony on behalf of the Company at public hearings as required.
- Coordinated and monitored annual operating and capital budgets for the Company's Divisions; directed review process with Management Committee.
- Assumed prime contact role for shippers with respect to cost of service, toll design and regulatory issues; presented cost of service and regulatory updates at all shippers meetings.
- Represented the Company on rate regulation and accounting committees of industry task forces.

## EXPERIENCE / WORK HISTORY (cont'd)

1992 - 1994      **Supervisor, Budgets & Rates**, Regulatory Affairs Department

*Summary of Function:* Responsible for the detailed preparation of toll and facilities applications to the National Energy Board and responses to related information requests. In addition, this position is responsible for coordinating the preparation of annual operating budgets totalling \$50 - \$60 million. This position also supervises financial analysis relating to Trans Mountain's Canadian pipeline operation.

### **Northwest Territories Power Corporation**, Hay River, NWT

1989 – 1992      **Manager, Rates & Regulatory Affairs**, Finance and Administration Division

*Summary of Function:* To coordinate the development and implementation of cost of service studies, utility rate studies and impact analysis, to coordinate and direct the compilation of utility rate submissions to the Corporation's regulatory authorities as required from time to time, to present evidence and testimony on behalf of the Corporation related to the submissions at public hearings scheduled by the regulatory authorities, and to interpret the Corporation's Terms and Conditions of Service as required for application of policies.

### **Ontario Hydro**, Toronto, Ontario

1989 – 1989      **Power Costing Analyst**, Finance Branch, Comptroller's Division  
Financial Accounting Policy and External Reporting Department

*Summary of Function:* To research and conceptualize Corporate financial policy dealing with the preparation of power costing policies, the allocation of costs, and the setting of electricity rates.

1986 - 1989      **Analyst – Rate Economics**, Energy Management Branch  
Market Services & Development Division, Rates Department

*Summary of Function:* To assess alternate rate practices and cost of service methodologies for electrical and thermal energy rates and to assist in the preparation of cost/benefit and other economic studies of rate-related issues.

### **North York Hydro**, North York, Ontario

1981 – 1986      **Rates & Utilization Analyst**  
Consumer Service Department

*Summary of Function:* Annually established retail rates and charges schedule to meet revenue requirement and rate setting guidelines; created submission documents for Ontario Hydro after discussions with Central Region office. Performed in-depth analysis of cost of service-based rates and costing structures as applied to North York Hydro by using various statistical modelling methods. Kept abreast of North York Hydro policies/regulations and Ontario Energy Board hearings; attended all relevant rate meetings with Ontario Hydro, AMEU/MEA, and Large Users.

## **REGULATORY APPEARANCES – As Witness**

2003	Ontario Energy Board RP-2003-0063 – Union Gas Limited 2004 Rates Application On Behalf of Union Gas Limited
1998	Yukon Utilities Board Order 98-05 – Yukon Energy Corporation Rate Application On Behalf of Government of Yukon
1993	National Energy Board RH-3-93 – Trans Mountain Pipe Line Tolls for 1993 and 1994 On Behalf of Trans Mountain Pipe Line
1991	Northwest Territories Public Utilities Board 1991 Cost of Service Methodology review On Behalf of Northwest Territories Power Corporation
1990	Northwest Territories Public Utilities Board 1990 Northwest Territories Power Corporation General Rate Application On Behalf of Northwest Territories Power Corporation
1990	Northwest Territories Public Utilities Board 1990 Electrical Rate Structure Review On Behalf of Northwest Territories Power Corporation

## **REGULATORY CONSULTATIONS**

2009-2010	Yukon Utilities Board Yukon Energy Corporation - Application for an Energy Project Certificate and an Energy Operation Certificate Regarding the Proposed Mayo Hydro Enhancement Project Client: Utilities Consumers' Group
2008-2009	Yukon Utilities Board Yukon Energy Corporation – 2008-2009 General Rates Application – Phase 1 Client: Utilities Consumers' Group
2006-2007	Yukon Utilities Board Yukon Energy Corporation - 20-Year Resource Plan 2006-2025 Client: Utilities Consumers' Group
2007	Yukon Utilities Board Yukon Energy Corporation – Carmacks Transmission Line - PPA Review Client: Utilities Consumers' Group
2007	Yukon Utilities Board Yukon Energy Corporation – Carmacks Transmission Line – Part 3 Review Client: Utilities Consumers' Group
2007-2008	Government of Yukon Energy Strategy Development Client: Utilities Consumers' Group
2008-2009	Yukon Utilities Board Yukon Energy Corporation - 2008-2009 General Rates Application – Phase 1 Client: Utilities Consumers' Group



## EDUCATION

- 1988            **Canadian Institute of Management**, York University, North York, Ontario  
➤ Graduate of four-year certificate / CIM designation program.
- 1985            **Seneca College**, North York, Ontario  
➤ Graduate with certificate in *Applied Management Techniques*.
- 1981            **Lakehead University**, Thunder Bay, Ontario  
➤ Graduate with Bachelor of Arts degree in *Economics and Mathematics*.

## COMMUNITY SERVICE

- 2009 – Present      Member - Chatham-Kent Hydro Board of Directors  
Member – Chatham-Kent Energy Audit Committee
- 2009              Volunteer – Vancouver Olympic Torch Relay
- 2007, 2008, 2010    Ontario Business Women's Network  
Event Coordinator and Lead Presenter  
**2007:** Communication Exposed – Women Versus Men Styles  
**2008:** Developing Your Emotional Energy  
**2010:** Outer Realm – How Others Perceive You
- 2006, 2007          Chatham-Kent United Way  
Amazing Race Biography and Site Clue Writer
- 2006              Candidate – Chatham-Kent Municipal Election
- 2004, 2005, 2006    Organizer, Annual Terry Fox Run for Cancer Research  
Chatham, Ontario
- 1990-1992          Member of the Board of Management, H.H. Williams Memorial Hospital  
Hay River, Northwest Territories