



YUKON ELECTRICAL
An **ATCO** Company

October 12, 2010

Yukon Utilities Board
Box 31728
Whitehorse, Yukon
Y1A 6L3

Attention: Mr. Bruce McLennan, Chair

Dear Mr. McLennan:

Re: YEC/YECL 2009 Phase II Application - Undertakings

Attached please find the following undertakings by Yukon Electrical Company Limited dated for October 12:

Volume 1B, Undertaking No. 4 – Mr. Maissan to Mr. Palladino
Volume 2A, Page 170 – YEC/YEC to Ms. Bentivegna
Volume 3A, Undertaking No. 1 and No. 2 – Mr. Buonaguro to Mr. Palladino
Volume 3A, Undertaking No. 4 – Mr. Landry to Mr. Palladino
Volume 3A, Undertaking No. 5 – Mr. Landry to Mr. Palladino
Volume 3A, Undertaking No. 6 – YECL to Ms. Bentivegna
Volume 3A, Undertaking No. 7 – Ms. Bentivegna to Mr. Palladino

These undertakings are listed as Exhibit B26 following the sequence listed in the Exhibits List dated for October 6, 2010 (Exhibit A6).

If you have any questions or concerns, please contact undersigned at (780) 420-7613.

Yours truly,

YUKON ELECTRICAL COMPANY

Nick Palladino
Manager Pricing



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Volume 1B, Undertaking No. 4:

By Mr. Maissan to Mr. Palladino

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6 UNDERTAKING – WITH RESPECT TO THE
7 RESPONSE TO LE-YEC/YECL 1-31, TO ADVISE
8 IN RELATION TO THE CATEGORIES (D) AND
9 UP IF THEY WERE NEW PROJECTS OR IF THEY
10 WERE A NUMBER OF CUSTOMERS THAT WERE
11 PART OF ONE PROJECT (SEE TEXT)

Response:

The values quoted in the table included in LE-YEC/YECL-1-31 (copy provided below) represent the number of non-industrial customer extensions who each paid a construction contribution within the categories specified. For instance, in 2009, there were 21 new customer extensions greater than \$25,000 that resulted in new customers paying a construction contribution. The table that was originally included in response to LE-YEC/YECL-1-31 did not include customers who only had secondary wire required to hook them up.

Table from LE-YEC/YECL-1-31

Total Number of Distribution Extensions Where Non-industrial Customers Paid Construction Contributions			
	2007	2008	2009
Total (b)	155	180	175
greater than \$5,000 (c)	72	108	118
greater than \$10,000 (d)	38	46	51
greater than \$15,000 (e)	29	29	34
greater than \$20,000 (f)	28	25	25
greater than \$25,000 (g)	20	20	21



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Volume 2A, Page 170
Lines 1-7:

By YEC/YECL to Ms. Bentivegna

6 UNDERTAKING – TO EXAMIN THE WORDING OF SECTION 9.4
7 OF THE TERMS AND CONDITIONS WITH A VIEW TO
8 SIMPLIFY THE LANGUAGE.

Response:

YEC & YECL have examined the proposed wording of this provision and determined, on the advice of Counsel, that the wording should not be changed. This provision, which deals with the liability of the subject Utilities, is one of the most important provisions of the Terms and Conditions, as it establishes the scope of the potential liability to which the Companies could be exposed. As such, it is critical that this provision be concise and clear from a legal point of view. If the interpretation of this provision is ever called into question, it will likely be in the context of a legal dispute.

Further more, this provision is patterned on similar, long standing, provisions from other jurisdictions that have been accepted and approved by other Regulators.

The provision should be approved, as filed.



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Volume 3A, Undertaking No. 1 and No. 2:

By Mr. Buonaguro to Mr. Palladino

Pages 439, 440, 441

22 UNDERTAKING - WITH RESPECT TO CW-29(B),
23 TO ADVISE AS TO WHAT STEPS ARE BEING
24 TAKEN TO FACILITATE A MEANINGFUL
25 INTERACTION WITH CUSTOMERS AND
1 STAKEHOLDER GROUPS; AND IN PARTICULAR,
2 TO ADVISE IF THERE WOULD BE FUNDING
3 AVAILABLE, WHAT THE SOURCE OF THAT
4 FUNDING WOULD BE, THE TYPE OF ANALYSIS
5 THERE WOULD BE (SEE TEXT).

7 UNDERTAKING - WITH RESPECT TO DSM AND
8 PEAK-LOAD PROGRAMS THAT WOULD REDUCE
9 PEAK FOR THE PEAK LOAD THAT RESIDENTIAL
10 CONSUMERS INCUR OR CAUSE DURING THE
11 PEAK, TO ADVISE IF THERE HAVE BEEN ANY
12 DISCUSSIONS DIRECTLY WITH DISTRIBUTION
13 COMPANIES.

Response:

A cooperative process is underway with Yukon Government and the two utility companies to develop a discussion paper on Demand Management. This will assist with providing interveners, stakeholders and the general public with a more focused means of participating in Demand Management policies and incentives. It will review various funding options, analysis methods and demand management strategies from other jurisdictions. A policy paper is to be presented as part of the utilities next general rate application.



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In addition to the above, on June 3, 2010 Yukon Electrical held a workshop to discuss its proposed Automatic Meter Reading (AMR) project for Whitehorse. Over 30 people attended representing many groups including UCG. The purpose of the workshop was to discuss the benefits of AMR and its potential DSM initiatives for the future.”

YECL’s has discussed with it’s sister company Northland their partnership with NTPC in a PUB approved pilot program to allow small renewable generation to be connected under a net billing concept. This pilot will be monitored by YECL and if appropriate something similar could be looked at in the Yukon.

Yukon Electrical continues to provide consumer information regarding efficiency and conservation in the communities it serves. Yukon Electrical makes available a variety of printed material to assist customers in energy planning solutions. Some of the printed material includes:

- Managing Electricity Costs
- Make Your Home Powersmart
- Guide to Conservation

The above material along with a host of other energy efficiency tools that are helpful to electric consumers can be found at Yukon Electrical’s website: <http://www.yukonelectrical.com/>. Yukon Electrical also places ads in Yukon newspapers that provide conservation tips to customers.



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Volume 3A, Undertaking No. 4:

By Mr. Landry to Mr. Palladino

Page 497

1 UNDERTAKING - TO CALCULATE AND ADVISE
2 WHAT THE INCREMENTAL REVENUE WOULD BE
3 ASSOCIATED WITH THE EXTRA KILOWATT HOUR
4 OVER THE FORECAST (SEE TEXT).

Volume 3A, Undertaking No. 5:

By Mr. Landry to Mr. Palladino

Page 499

9 UNDERTAKING - TO CALCULATE AND ADVISE
10 IF THERE IS ANY AMOUNT THAT WOULD
11 REFLECT THE FACT THAT YECL HAD LESS
12 REVENUE BECAUSE OF ONE LESS KILOWATT
13 HOUR (SEE TEXT).

Volume 3A, Undertaking No. 7:

By Ms. Bentivegna to Mr. Palladino

Page 509

10 UNDERTAKING - TO ESTIMATE HOW MUCH
11 WOULD HAVE TO COLLECTED IN THE DEFERRAL
12 ACCOUNT BEFORE YEC WOULD LOOK AT THE
13 DISPENSING OF THAT BALANCE



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Response:

As set out in Section 2, of YECL's Rider D Application, (Exhibit B2):

"2. Details of the new Rider D

In Yukon Electrical's 2008-2009 GRA, the energy component of the purchase power forecast was determined by applying Yukon Energy's wholesale rate to the total forecast energy (kWh) purchases. Yukon Electrical's purchase power forecast was approved in Board Order 2009-2 from Yukon Electrical's 2008-2009 GRA and Board Order 2009-5 from the subsequent Compliance Filing.

The cost of purchase power as set out in the approved forecast is based on the supply to customers from existing Hydro generation sources. As a result, subsequent charges to Yukon Electrical from Yukon Energy when the Energy Reconciliation Adjustment (ERA) from Rate Schedule 42 is invoked is collected in the Board approved deferral account relating to the increases or decreases to the cost of purchases power. This deferral account will ensure that unforecasted diesel costs incurred by Yukon Energy that is flowed through to Yukon Electrical via the ERA are flowed through to Yukon customers."

The forecast cost of purchase power for the hydro zone set out in YECL's 2008-2009 GRA does not include any amounts related to diesel generation on the margin. As noted above, the purchase power cost from the GRA is determined by applying YEC's wholesale rate to the total forecast energy (kWh) purchases. The current base rates recover costs for the hydro zone associated with hydro production only. For the purpose of this undertaking, YECL is assuming that the current wholesale rate is approximately 8.3 cents/kWh and the cost of incremental diesel is 27 cents/kWh. As a result, YECL understands that for every additional kWh of load that triggers incremental diesel for the hydro zone, YEC would bill YECL 27 cents per kWh. The amounts billed or credited to YECL would be accumulated in the Board approved deferral account and dispensed at a later time.



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At the time of the Rider D application, YECL estimates that it would propose to apply the following rate adjustment.

RATE ADJUSTMENT

Service will be rendered at the applicable rates with the following surcharge/(credit) to collect or refund wholesale purchase costs incurred when diesel generation on the margin for the Hydro zone is greater or less than the forecast as billed from YEC per the Energy Reconciliation Adjustment set out under Rate 42.

An adjustment will be applied based on a ¢ per kW.h charge or refund to all kWh consumed based on the following formula:

$$\text{DGEGR} = \frac{(\pm \text{ERA} \pm \text{TUA}) - \text{IBR}}{\text{S}}$$

Where:

DGEGR = Diesel generation energy cost recovery rider on ¢ per kW.h charge or refund.

± ERA = The total Energy Reconciliation Adjustment amount charged or credited to YECL from YEC for actual wholesale purchases that exceed or fall short of forecast wholesale purchases when diesel generation is on the margin for the WAF system.

TUA = True-up adjustment for the prior historical cost period.

IBR = YECL retail customers incremental base rate revenue associated with recovering the production function, which occurred during the ERA period.

S = Recently approved energy forecast retail kWh sales, excluding secondary and industrial rate classes.



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Example 1: Estimation of incremental revenue associated with the extra kWh over the forecast.

Assumptions:

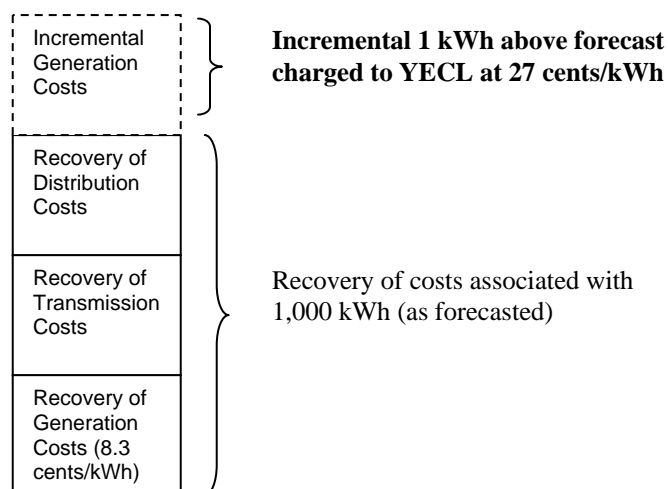
- Current production forecast = 1,000 kWh of forecast sales multiplied by the wholesale rate for hydro at 8.3 cents/kWh. This is built into base rates.
- Actual production = 1,001 kWh of which 1,000 kWh is from hydro and 1 kWh is from diesel on the margin
- Incremental cost of diesel = 27 cents/kWh
- Incremental load resulting in incremental diesel generation = 1 kWh

ERA = 27 cents (charged to YECL)

TUA = 0 cents (true-up from previous Rider D period)

IBR = 8.3 cents (incremental revenue received from customers associated with recovery of generation costs from the rate class blocks associated with hydro)

Estimated recovery from customers = 27 – 8.3 = 18.7 cents





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Example 2: Estimation of incremental revenue associated with the lower kWh under the forecast.

Assumptions:

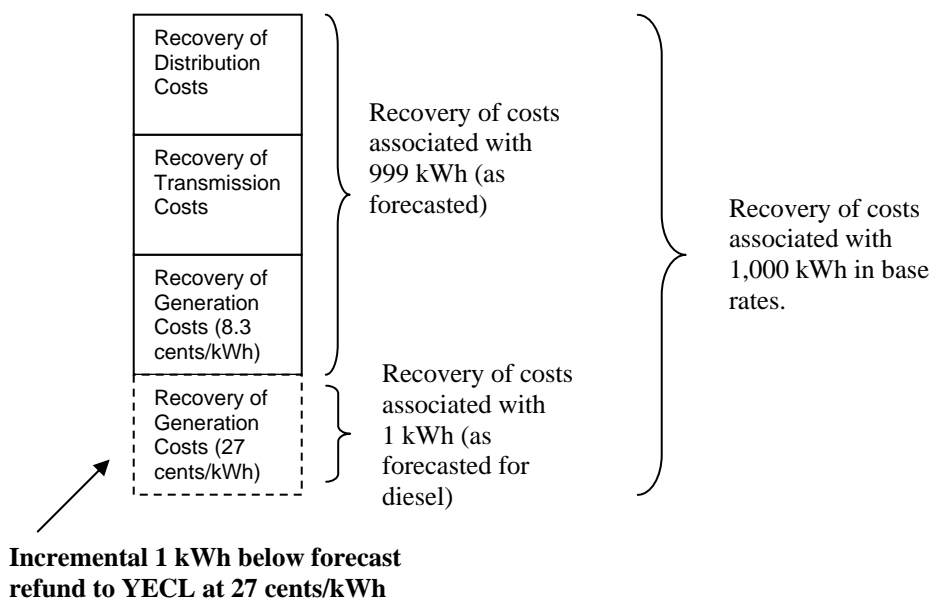
- Current production forecast = 1,000 kWh of forecast sales multiplied by the wholesale rate for hydro at 8.3 cents/kWh (for the first 999 kWh) and 27 cents/kWh for the incremental 1 kWh from diesel on the margin. This is built into base rates.
- Actual production = 999 kWh of which 999 kWh is from hydro.

ERA = 27 cents (refund to YECL)

TUA = 0 cents (true-up from previous Rider D period)

IBR = 8.3 cents (incremental revenue received from customers associated with recovery of generation costs from the rate class blocks associated with hydro)

Estimated refund to customers = - 27 + 8.3 = (18.7 cents)





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The details of the Rider D mechanism including the period in which the balance will be collected or refunded to customers and the calculation of the rider amount will be explained in detail in a Rider D application. At this time, YECL proposes to dispense of any balances in the purchase power deferral account on an annual basis. However, if within a 12 month period YECL accumulates balances (plus or minus) in excess of 0.5% of total revenue requirement, YECL anticipates that it will file a Rider D application to true-up balances in order to avoid material rate swings to Yukon customers.



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Volume 3A, Undertaking No. 6:

By Mr. Duncan to Ms. Bentivegna

Page 503

18 UNDERTAKING – TO ADVISE IF THE GOOD
19 HOPE LAKE ASSETS ARE INCLUDED IN THE
20 REGULATED RATE BASE (SEE PWP -3)

Response:

YECL has checked and can confirm that there are no Regulated Rate Base Assets associated with Good Hope Lake in their books or included in the Cost of Service.