

**YUKON UTILITIES BOARD
2014-15 ANNUAL REPORT**

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THE BOARD

The Yukon Utilities Board was established pursuant to the *Public Utilities Act*, Revised Statutes, 1986. c. 143, as amended. Section 2 of the Act defines the Board as comprised of not less than three and not more than five members. Section 4 provides for the appointment of a substitute member to act in the absence of a member of the Board. The Chair, Vice-Chair and members are appointed by the Minister of Justice for terms of three years. Members can also be appointed to serve subsequent terms, at the discretion of the Minister of Justice.

The Board office is located at Unit 19, 1114 Front Street (second floor of the Horwood's Mall) in Whitehorse, Yukon. Our mailing address is:

Yukon Utilities Board
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Whitehorse, Yukon Y1A 6L3

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The Board retains independent legal advisors and qualified technical consultants, and it contracts with a part-time Executive Secretary.

The Board regulates two electrical utilities in the Yukon, the Yukon Energy Corporation (YEC) owned by the Government of Yukon, and the privately owned Yukon Electrical Company Limited (YECL). The Board carries out such other functions as are required by the *Public Utilities Act* and as directed by the Minister of Justice as ordered through the territorial government's Orders-in-Council.

Under Section 52 of the *Public Utilities Act*, and following the principles of natural justice, the Board may, with respect to an inquiry:

- exercise the exclusive jurisdiction and authority to determine any question of fact, law or mixed fact or law required to be decided;
- receive such evidence or other information as it considers appropriate, whether or not such evidence is given under oath or affirmation, and whether or not it would be admissible in a court of law;
- exercise the powers, privileges, and immunities of a Board of Inquiry under the *Public Utilities Act*;
- determine the persons to whom notice of any proceedings shall be given; and
- determine its own procedures.

Board Orders are reviewable by the Yukon Court of Appeal.

The Board's authority includes carrying out investigations and reviews at the request of the Minister of Justice pursuant to the *Public Utilities Act*, namely Regulation of Public Utilities (Part II) and the regulation of Energy Projects (Part III). The Board is also empowered to investigate complaints and initiate investigations it deems necessary in the interest of ratepayers generally (Part IV).

Funding for public hearings can only be authorized by the Minister of Justice.

MEMBERSHIP

Board membership during the reporting period consisted of:

Chair	Bruce McLennan
Vice-Chair	Robert Laking
Member	Naresh Prasad
Member	André Fortin
Member	Meagan Hannam
Member	Robert (Les) Boisvert*

*Member deceased during reporting period

BOARD SUPPORT

Board Support during this reporting period was provided by:

Executive Secretary Deana Lemke, Beyond Words Business Services
Whitehorse, Yukon

Technical Support Alberta Utilities Commission

Regulatory Legal Support Alberta Utilities Commission

THE YEAR IN REVIEW

Board Meetings

There were 15 Board meetings in this fiscal year, held on the following dates:

- March 30, 2014
- April 23, 2014
- April 25, 2014
- April 24, 2014
- May 14, 2014
- June 20, 2014
- July 9, 2014
- July 10, 2014
- July 28, 2014
- July 29, 2014
- August 5, 2014
- August 9, 2014
- November 20, 2014
- February 6, 2015
- March 1, 2015

CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITY TRIBUNALS (CAMPUT)

The Yukon Utilities Board continues to be an active member of the Canadian Association of Members of Public Utilities Tribunals (CAMPUT). The Board relies on CAMPUT and the Alberta Utilities Commission to be the primary provider of Board member training.

Chair Bruce McLennan and Vice-Chair Robert Laking attended the CAMPUT conference and AGM in Yellowknife, NT from August 24 to 27, 2014. The conference examined facets of public interest in the energy and utility sector. Of particular interest were topics such as: Defining the public interest in dynamic and increasingly complex environments; Optimizing stakeholder involvement, The green economy – panacea of flash in the pan; Progressive approaches to utility regulation; and Aligning today's decisions with tomorrow's public interests.

PROCEEDINGS

The Board was involved in the following proceedings during this fiscal year:

Yukon Electrical Company Ltd. General Rate Application

The Board received a General Rate Application from Yukon Electrical Company Limited (YECL), requesting an order approving a forecast revenue requirement for the 2013, 2014 and 2015 test years, an interim refundable rate rider effective July 1, 2013, approval for the continued use of deferral accounts listed in the application, approval to discontinue purchasing third party distribution line (property) insurance after July 1, 2014 and approval of the updated depreciation parameters. The GRA proposed a revenue requirement of \$54,956,000 for 2013, \$58,707,000 for 2014, and a revenue requirement for 2015 of \$61,187,000.

An oral public hearing was held November 4 to 7, 2013, during which the Board considered extensive evidence and the written argument and reply argument of the parties respecting the YECL's application.

This proceeding carried over into this fiscal year, with the Board's decision being issued April 23, 2014. The Board directed YECL to provide a compliance filing to the Board within 30 days of the issuance of its decision, in accordance with the directions set out in the Reasons for Decision issued as an appendix to the Board Order. The Board approved the 2013 to 2015 revenue requirement with changes specified.

Yukon Energy Corporation LNG Project Proceeding

On December 30, 2013, the Board received a letter and terms of reference from the Yukon Minister of Justice directing the Board to carry out a review and prepare a report with recommendations in accordance with the terms of reference respecting Yukon Energy Corporation's (YEC) Whitehorse Diesel to Natural Gas Conversion Project which was designated in OIC 2013/200 as a regulated energy project under Part 3 of the *Public Utilities Act*.

The Minister's terms of reference directed the Board to hold a public hearing as required in relation to the application submitted to the Minister by YEC on December 9, 2013, under Part 3 of the *Public Utilities Act* for an energy project certificate and an energy operation certificate regarding the project.

The Whitehorse Diesel to Natural Gas Conversion Project was described in the terms of reference as a project to modernize the existing YEC Whitehorse thermal generating station to meet growing requirements for reliable and flexible thermal generation on the Yukon grid, including the replacement of two diesel generating units (9.1 MW total capacity) scheduled for retirement by 2015 with up to three new modular natural gas-fired generating units (13.1 MW total capacity) supplied by liquefied natural gas (LNG), and the installation of LNG truck offloading, storage, vapourization, and related infrastructure. YEC wished to begin construction of the project during the 2014 construction season.

The Minister's terms of reference further stated that a proposal respecting the Whitehorse Diesel to Natural Gas Conversion Project was submitted in November 2013 to the Yukon Environmental and Socio-economic Assessment Board and was subject to a screening by the Executive Committee of YESAB. This process would lead to a recommendation by the Executive Committee and a response by the Government of Yukon and other decision bodies in the form of a "decision document". Any government authorizations issued in support of the project, including any energy project certificate or energy operation certificate under Part 3 of the *Public Utilities Act*, would have to conform to this decision document.

The Board was directed to provide a report and recommendations on the potential benefits, costs, risks and customer impacts that influence whether the Whitehorse Diesel to Natural Gas Conversion Project should proceed as proposed by YEC, and any terms and conditions that the Board considered should apply.

The Board held a hearing into this matter March 31 through April 3, 2014. A public session was also held the evening of March 31, where members of the public were invited to make comments regarding YEC's project proposal.

This proceeding carried over to this fiscal year and the Board submitted its findings and recommendations in a report to the Yukon Minister of Justice on May 14, 2014.

Yukon Energy Corporation-Yukon Electrical Company Ltd. Diesel Contingency Fund (DCF) and Energy Reconciliation Adjustments (ERA) Proceeding

Board Order 2013-01 directed Yukon Energy Corporation to provide a revised DCF proposal. In the revised DCF proposal, YEC was to incorporate other non-diesel generation facilities (Fish Lake hydro, wind) forecasts into its model. In addition, YEC was to incorporate in the revised DCF proposal the suggestions of the City of Whitehorse and Utilities Consumers' Group as to how DCF transactions are to be reported. Further, YEC was directed to provide an example of approximately five years of transactions that will show how the balance in the DCF will change and how those changes will be reported. Finally, YEC was to work with YECL, and the two utilities were to provide a joint recommendation on how the DCF will affect the ERA in Rate Schedule 42 and any proposed wording changes to that rate schedule. The Board did not prescribe a date for the filing of the revised DCF proposal.

In its compliance filing application dated May 1, 2013, YEC requested approval of a revised DCF proposal which incorporated other non-diesel generation facilities (Fish Lake hydro, wind) forecasts in its model. The Board directed YEC to file the revised DCF application by no later than September 30, 2013. YEC and YECL requested an extension of this filing deadline on September 23, 2013, which the Board granted, and a new filing deadline of November 15, 2013 was set. YEC and YECL requested a further extension to continue to meet and discuss the various aspects of the issue. The Board granted another extension of the filing deadline to January 31, 2014. On January 31, 2014, YEC filed the revised DCF and related ERA amendments application. YEC also informed the Board that YEC and YECL were not able to agree on a joint filing and each utility would be filing its position separately. On the same day, YECL filed its proposals regarding the DCF and the ERA.

The Board determined that the revised DCF application should proceed by way of a written hearing because the application pertained to a specific issue and that a Board-facilitated dispute resolution process may not be useful in this matter seeing that YEC and YECL held discussions for about six months but could not arrive at a joint recommendation. A schedule for the written proceeding was issued. This proceeding carried over into the next fiscal year.

For more information on the above-noted proceedings, please refer to the original submissions and Board Orders located on the Board's website:
<http://yukonutilitiesboard.yk.ca/proceedings/>

BOARD ORDERS

Below is a summary of Board Orders approved by the Board during this reporting period. All Board Orders can be viewed on the Board's website at <http://yukonutilitiesboard.yk.ca/policy/board-orders/>

Order No.	Date	Order
2014-06	April 23, 2014	YECL GRA decision
2014-07	April 25, 2014	YEC-YECL DCF-ERA Proceeding schedule
2014-08	June 20, 2014	YEC-YECL DCF-ERA Proceeding schedule revision
2014-09 & Errata	July 9, 2014 July 10, 2014	YECL GRA Compliance Filing
2014-10	July 29, 2014	YEC-YECL DCF-ERA proceeding intervener
2014-11	August 5, 2014	YECL GRA proceeding cost awards
2014-12	August 8, 2014	YEC LNG proceeding cost awards
2014-13	November 20, 2014	UCG and YCS-LE R&V request of Board Order 2014-12
2014-14	November 20, 2014	UCG R&V request of Board Order 2014-11
2015-01	February 6, 2015	YEC-YECL DCF-ERA proceeding
2015-02	March 1, 2015	YECL R&V request of Board Order 2014-06