

**YUKON UTILITIES BOARD  
2017-18 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  
Box 31728  
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 Yukon, the Yukon Energy Corporation (YEC) owned by the Government of Yukon, and the privately owned ATCO Electric Yukon. 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	Robert Laking
Vice-Chair	Bonnie King
Member	André Fortin
Member	Meagan Hannam
Member	Phillip Fitzgerald

## **BOARD SUPPORT**

Board Support during this reporting period was provided by:

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

Technical Support      Alberta Utilities Commission

Regulatory Legal Support      Alberta Utilities Commission

## **THE YEAR IN REVIEW**

### **BOARD MEETINGS**

Various Board meetings are held each fiscal year – either in person or electronically. The frequency of meetings is dependent on the workload of the Board during any given year. The Chair or Vice-Chair and two other members constitute a quorum of the Board for decision-making purposes.

### **CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITIES 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 Bob Laking and Member Andre Fortin attended the CAMPUT Annual Conference in Vancouver, BC on May 7 to 10, 2017. The conference had the theme: Energy and Regulation in Transition – Charting the Course. The conference involved guest speakers as well as audience interactive sessions for most of the presentations. Topics included: Energy Systems in 2030 – What Should We Expect?; Decarbonizing Canada’s Energy Future – Pricing Carbon; Legal and Regulatory Principles – What Constitutes Adequate First nations Consultation?; What Does the Future Hold for Natural Gas?; and Utility Performance – The Role of Regulation in Encouraging/Accommodating Innovation/Technology.

Member Phillip Fitzgerald attended a CAMPUT Energy Regulation Course in Kingston, ON from June 18 to 23, 2017. This is an excellent and very well-respected course designed to improve the education of public utility tribunals. CAMPUT’s mission is to continuously improve energy and public utility regulation in Canada and the goals of this course are: (1) for members to be well informed of the most recent trends about their regulated industry and their policy environment, and well positioned to seize opportunities for improvement in their respective regulatory environments; and (2) effective regulation, as evidenced by:

the existence of consistent and effective regulatory regimes throughout Canada; stakeholders effectively engaged in the development of a successful regulatory compact; and policy makers well-informed of regulatory developments, as an input to the development of effective public policies.

Chair Bob Laking and Member Bonnie King attended the CAMPUT conference and AGM in St. Andrews, NB from September 11 to 14, 2017. The conference content dealt with what regulators need to know regarding carbon tax and cap and trade programs, cyber security, the regulatory role and emerging issues pertaining to Measurement Canada, among other topics.

Chair Bob Laking attended a CAMPUT Regulatory Key Topics Meeting in Montréal, Québec from January 28 to 30, 2018. Highlights of the meeting included sessions such as: Low Income Consumer Issues and the Regulatory Process; Cyber Security; a Legal Update session that reviewed important new court cases focusing on energy, administrative, regulatory, or related areas of law; a Board Operations seminar that discussed how Boards can manage member workload to achieve efficiency and produce optimal results; and an update on the implementation of a performance-based regulation for Hydro-Québec Transmission and Distribution divisions.

## **PROCEEDINGS**

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

### **Yukon Electrical Company Ltd. (YECL) General Rate Application**

On May 11, 2016, YECL, carrying on business as ATCO Electric Yukon, filed an application requesting forecast revenue requirement for 2016 and 2017. The Application sought approval of an interim refundable rate rider of 11.62 percent, effective July 1, 2016; the continued use of currently approved deferral accounts, including purchase power flow-through, fuel price flow-through, and defined benefit pension costs during the test period; and new deferral accounts related to liquefied natural gas fuel price changes, statutory tax rate change, feasibility studies and costs arising from Board Orders or legislative provisions not currently contemplated. YECL sought approval of revenue requirements of \$53,890,000 for 2016 and \$56,173,000 for 2017. These amounts represented a cumulative rate increase of 4.4 and 7.5 percent respectively, and year-over-year rate increases of 4.4 and 3.1 percent respectively.

The Board issued a process schedule and approved an interim rate adjustment rider (Rider R) in the amount of 11.62 percent for all electrical consumption on or after July 1, 2016. The interim rate adjustments were approved on a refundable basis. An oral hearing took place November 1 to 3, 2016.

The proceeding carried over from the previous fiscal year into the current fiscal year. A decision was issued by the Board on April 27, 2017, approving the revenue requirement for 2016 and 2017. The YECL compliance filing was approved on July 26, 2017 and the cost awards were finalized August 24, 2017.

The Utilities Consumers' Group (UCG) requested a review and variance of the cost award decision. The Board denied UCG's request on December 18, 2017 as the Board determined that UCG had not shown on a prima facie basis that the Board committed any errors of law or fact in its cost award to UCG.

### **Yukon Energy Corporation General Rate Application**

On June 22, 2017, Yukon Energy Corporation (YEC) filed a General Rate Application (GRA) with the Board requesting approval of a forecast revenue requirement for 2017 and 2018. In addition, YEC sought approval to: revise Rider F to include pricing related to the delivered cost of LNG, effective January 1, 2017; revise the DCF Term Sheet regarding the determination of annual expected long-term average thermal generation requirements and fuel costs; and for an interim refundable rate rider (Rider J) for 2017 of 20.05% for retail firm rates and 16.40% for industrial firm rates, which represents an increase of 9.04% for retail and industrial customers, effective September 1, 2017.

YEC sought approval of forecast revenue requirements of \$48.544 million for 2017 and \$49.864 million for 2018. These amounts represent an increase of \$5.348 million for 2017 over revenues from existing rates and riders of \$42.301 million (12.6% increase) and an increase of \$6.585 million for 2018 over revenues from existing rates and riders of \$42.384 million (15.5% increase). The difference in forecast revenue requirement represents a 2.7% increase from 2017 to 2018.

On September 12, 2017, the Court of Appeal of Yukon released a judgement on an appeal by Yukon Energy Corporation. As this judgement had potential implications for this proceeding, these implications were considered prior to proceeding with the GRA. Once a decision was made on how to move forward, the Board issued a proceeding schedule, carrying over the proceeding to the current fiscal year.

### **Yukon Energy Corporation – Victoria Gold Corporation Power Purchase Agreement Application**

Yukon Energy Corporation (YEC) filed an application to approve a power purchase agreement (PPA) between YEC and Victoria Gold Corporation (VGC). The PPA included provisions for VGC to develop and own a 69-kV transmission line from the McQuesten substation to the Victoria Gold mine. The McQuesten substation would be jointly developed by VGC and YEC but would be owned and operated by YEC. VGC would be responsible for all capital costs related to the McQuesten substation development.

A written proceeding was deemed appropriate for this proceeding and a process schedule was established. The Board issued a decision approving the PPA on March 6, 2018. This proceeding carried over into the following fiscal year.

### **Yukon Court of Appeal Judgement re Diesel Contingency Fund, Board Order 2015-06**

On September 12, 2017, the Court of Appeal of Yukon released a judgement on an appeal by Yukon Energy Corporation related to certain aspects of Board Order 2015-06. That judgement set aside the order of the Board related to the issues of the Diesel Contingency Fund (DCF) and the wholesale rates provision in Section 7 of Rate Policy Directive, OIC 1995/90. The Court remitted the matter back to the Board with directions "...to set a wholesale rate that enables Yukon Energy to recover all of its diesel generation costs, which costs include any net DCF payment made by Yukon Energy attributable to Yukon Electrical's above-forecast wholesale purchases of electricity." In response to this decision, the Board issued a letter on September 22, 2017, requesting comments from parties regarding the Yukon Court of Appeal judgement and any impact that it may have on YEC's 2017-18 GRA.

On October 18, 2017, the Board directed YEC to file a separate two-part application to comply with the direction from the Yukon Court of Appeal and the further directions of the Board. The first part of the application was to address 2012 Energy Reconciliation Adjustment (ERA) issues. The second part of the application was to address how YEC proposes to address Diesel Contingency Fund (DCF), ERA, wholesale rates, and long-term hydro generation for the period 2017 forward. Effective January 1, 2017, YEC was directed to continue to treat the DCF as a placeholder to be adjusted upon final determination of the Board in the separate application to be established in response to the Yukon Court of Appeal decision. YEC was directed to provide an alternative GRA forecast. The process schedule was suspended to accommodate for this direction.

A process schedule was established on January 29, 2018, for a written proceeding to deal with the ERA matter (Part 1 of YEC's 2017-18 General Rate Application). This proceeding carried over into the new 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/>

<b>Order No.</b>	<b>Date</b>	<b>Order</b>
2017-01	April 27, 2017	YECL GRA proceeding decision
2017-02	June 21, 2017	City of Whitehorse request re further compliance filing process
2017-03	June 26, 2017	YECL compliance filing
2017-04	July 4, 2017	YEC GRA proceeding
2017-05	July 27, 2017	YEC GRA proceeding intervener status approvals
2017-06	August 21, 2017	YEC GRA proceeding interim refundable rates
2017-07	August 24, 2017	YECL GRA proceeding cost awards
2017-08	October 18, 2017	YEC GRA proceeding Court of Appeal of Yukon judgement re ERA and DCF
2017-09	November 15, 2017	YEC GRA further IR responses
2017-10	November 16, 2017	YEC Victoria Gold PPA proceeding
2017-11	December 18, 2017	UCG request for R&V of Board Order 2017-07
2018-01	January 29, 2018	YEC ERA Phase 1 proceeding
2018-02	January 31, 2018	YEC GRA proceeding revised schedule
2018-03	February 20, 2018	YEC GRA proceeding revised schedule
2018-04	March 6, 2018	YEC Victoria Gold PPA proceeding