

**Yukon Energy Corporation/Yukon Electrical Company Ltd.  
Application to Revise the Diesel Contingency Fund and Related Amendments  
to the Energy Reconciliation Adjustment**

**Yukon Utilities Board (YUB) Information Request Round 1 to  
Yukon Energy Corporation (YEC)**

**YUB-YEC-1**

**Reference:** YEC Diesel Contingency Fund (DCF) & Energy Reconciliation Adjustment (ERA) filing, January 31, 2014

**Issue/sub-issue:** DCF ERA activation

**Quote:** ...This proposal arose because diesel generation on the newly integrated grid was forecast in the GRA to be on the margin under long-term average ("LTA") hydro generation water conditions...<sup>1</sup>

...

The Board's current and past Orders for both utilities continue to support implementation of DCF and ERA mechanisms in Yukon, and provide no basis for a proposal today to abandon either mechanism (see Appendix A); furthermore, with diesel once again on the margin on the integrated grid, both mechanisms are relevant again today and need to be reactivated as of January 1, 2012...<sup>2</sup>

...

Table 1 provides the DCF determinations which apply to both Options A and B, in accordance with the Revised DCF as proposed in Appendix 1, for actual 2012 and preliminary 2013 results:<sup>3</sup>

The activation of the DCF was based on a simple concept: YEC would determine whether it was actually burning diesel in a given month to determine if diesel was "on the margin" in that month. To the extent that the fund accumulated revenues in excess of the approved threshold, the surplus balance at the end of the year would be refunded or collected by way of a rider to Yukon ratepayers.<sup>4</sup>

**Preamble:** Further information is required

**Request:**

- (a) Please explain why YEC, in its 2012-13 general rate application (GRA), chose a DCF trigger that was based on a GRA forecast wherein diesel generation was forecast to be on the margin under long-term average (LTA) hydro generation water conditions, rather than choose to use a DCF trigger, which was based on actual usage, as was done previously?
- (b) Does YEC agree with the Yukon Electrical Company Limited (YECL) submission that in the past an actual diesel usage threshold amount in any one month would trigger the DCF for that particular month? Please explain.

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<sup>1</sup> YEC DCF-ERA filing, January 31, 2014, page 1.

<sup>2</sup> YEC DCF-ERA filing, January 31, 2014, page 2.

<sup>3</sup> YEC DCF-ERA filing, January 31, 2014, page 4.

<sup>4</sup> YECL DCF-ERA filing, January 31, 2014, page 2

- (c) Please explain why, as was done in the past, a threshold amount of actual diesel usage of, say 250 megawatt hours (MW.h) per month, could not be used as a threshold to determine if diesel was on the margin in any month and trigger the DCF?
- (d) As was done for Table 1, all else held equal, please provide DCF determinations for 2012 and 2013, using:
  - a. Actual 2012 and actual 2013 results, and
  - b. Diesel usage threshold amounts of 250, 300 and 350 MW.h/month to trigger the DCF.

Please use Table 1 results as presented on page 8 of YEC's DCF ERA application as a template for illustrating the DCF determinations as requested above.

- (e) Going forward, if the Board were to adopt a monthly diesel usage threshold amount as a DCF trigger,
  - a. what are important considerations when choosing an appropriate DCF trigger threshold?
  - b. what would YEC submit as an appropriate trigger?
  - c. what changes and considerations would YEC recommend, if any to its current DCF proposal — i.e. secondary sales?
  - d. what changes and considerations would YEC recommend, if any to its current ERA proposal?
- (f) If YEC's 2012-13 GRA forecast was based on forecast short-term hydro water conditions, not historic long-term average water conditions, would YEC propose a formulaic approach wherein the DCF is permanently switched on? Please explain.

## YUB-YEC-2

**Reference:** YEC DCF ERA filing, YEC 2012-2013 GRA, YEC 2008 Diesel Contingency Fund Filing

**Issue/sub-issue:** DCF and related matters

**Quote:** On March 29, 2010, Yukon Energy filed its 2008 DCF filing and noted the potential need to update methods of operation of the DCF. It was noted that the DCF operating rules would require attention in the future to address a number of new circumstances, including updating long-term average hydro generation values, fund triggers, and potentially a means to address secondary sales. Today, following connection of the WAF and Mayo Dawson grids, it is also necessary to adjust the DCF to deal with more than only WAF hydro generation.<sup>5</sup>

The proposed updated approach would permanently switch “on” the DCF through use of a formulaic approach that would automatically adjust forecast annual long-term average hydro generation and related diesel (or other non-diesel fossil fuel) generation to reflect actual grid generation load. Based on this DCF proposal there will no longer be a “diesel on the margin” test for activating the DCF.<sup>6</sup>

...Diesel was not on the margin for any month of the 2008 period. During December 2008 diesel generation exceeded the on the margin threshold of 250 MW.h/month used within the Diesel Contingency Fund as a determinant to indicate that all diesel generation is presumably required only for baseload serving purposes. Upon review it is evident that the diesel generation was for unplanned maintenance or peaking purposes ...<sup>7</sup>

**Preamble:** Further information is required.

### Request:

- (a) In the past, the DCF was triggered at a point where the diesel usage was “presumably required only for baseload serving purposes.”<sup>8</sup>
  - i. Does YEC’s current DCF proposal go beyond accounting for baseload diesel requirements?
  - ii. Please define baseload diesel requirements — i.e. is diesel generation required for short-term emergencies or peaking purposes, considered to be baseload diesel?
- (b) Prior to YEC’s original DCF proposal which was submitted as part of its 2012-13 GRA, did YEC consult with YECL about permanently switching on the DCF through the use of a formulaic approach? If so, please provide rationale and reasoning that was proposed as well as YECL’s response. Please provide all documentation.
- (c) With respect to the 2012 and 2013 test years, please indicate the months for each of the test years when secondary sales were not available to customers.
- (d) Does YEC wish to comment on YECL’s statement that “...Yukon Energy believes diesel expense can be recovered from two sources: (1) ratepayers if Yukon Energy’s forecast is

<sup>5</sup> YEC DCF-ERA filing, Appendix 1.1, page 1.1-2.

<sup>6</sup> YEC 2012 GRA, Tabs 1-11, page 5.

<sup>7</sup> YEC 2008 Diesel Contingency Fund Filing, March 29, 2010, page 2

<sup>8</sup> YEC 2008 Diesel Contingency Fund Filing, March 29, 2010, page 2

accurate; or (2) Yukon Electrical if Yukon Energy's forecast is inaccurate. Yukon Electrical maintains that prudently-incurred costs must be recovered from ratepayers."<sup>9</sup>

### YUB-YEC-3

**Reference:**

**YEC DCF-ERA filing**

**Issue/sub-issue:**

**YECSIM modelling**

**Quote:**

1. "YEC Grid Load" is annual YEC generation load on the Integrated Grid, excluding expected (GRA forecast) YEC Wind generation and actual less expected Fish Lake hydro generation.
  2. The diesel generation and increase for the added load are based on polynomial equations derived from "YECSIM" – the simulation model developed for the Integrated Grid by KGS Group.
  3. The simulation model develops expected hydro plant capabilities for each load scenario. It reviews, by week, 28 "water years" of record (1981-2008) and 20 "load years" (each examines a different hypothetical scenario to reflect different sequences of the recorded water years), of which 13 load years (load years 7-19) are used for the final averaging (this deletes cases where starting or ending year volumes can distort results). "Hydro Generation" is long-term average hydro generation as estimated by YECSIM.
  4. The simulation model outputs for this table are based on Aishihik operation rule at 10-year rolling average spring elevation no lower than 913.7 m and current Mayo Lake operation rule (no additional storage), Mayo B and Aishihik 3rd turbine are included.
  5. The simulation model outputs are based on 2012 forecast load distributions [updated based on YUB Order 2013-01], and requires modifications when new mines or industrial loads are connected to the grid.
  6. This table assumes max load at 475 GW.h and minimum load at 400 GW.h. If the load exceeds these limits then the table needs to be updated.
- Preamble:** Further information is required.

**Request:**

- (a) With regard to the YECSIM modelling tool,
  - i. please explain the origin and development of the tool.
  - ii. does the tool provide for Monte Carlo simulations? If so, are YEC's approved 2012-2013 GRA forecasts, based on Monte Carlo simulations? If not, why not?
  - iii. are planned and unplanned outages that effect generation facilities factored into the YECSIM output — i.e. the annual long-term average hydro generation requirements for the integrated system for the 2012-2013 test years? Please explain.
  - iv. what is meant by diesel being on the margin? Please explain.
  - v. can base load diesel requirements for the test years be discerned using the output from YECSIM?
  - vi. based on the YECSIM model output, please explain why the DCF should be activated.

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<sup>9</sup> YECL DCF-ERA filing, January 31, 2014, Appendix A, page 6.

- vii. how does the model account for new hydro facilities or capabilities into hydro LTAs, considering that there may not be a long-term history to work with?
  - viii. is the YECSIM model a load flow analysis tool?
  - ix. with regard to ERA calculations, are the calculations and subsequent billing to YECL based on all hours, peak hours or non-peak hours of operation? Please explain.
- (b) When comparing actual diesel generation requirements with YECSIM output for a test year vs. a test year forecast, how is one to discern what is causing the requirement for incremental diesel generation (customer load changes, risk events that result in added diesel, vs. water availability) considering YEC's submission that "water-related considerations...form the essential foundation for the DCF..."<sup>10</sup>
- (c) Please explain how the YECSIM model can be tested for accuracy — i.e. can backward forecasting be undertaken, for example the 2012 test year?

#### YUB-YEC-4

**Reference:**

**YEC DCF-ERA filing**

**Issue/sub-issue:**

**YECSIM model**

**Quote:**

...in 2012 the YECSIM forecasted 15.6 GW.h of diesel generation at actual grid load, but actual diesel generation was 2.7 GW.h. In 2013, the YECSIM forecasted 13.3 GW.h of diesel generation at actual grid load, but actual diesel generation was 1.1 GW.h.<sup>11</sup>

**Preamble:**

Further information is required.

**Request:**

- (a) Per the above quote taken from YECL's DCF ERA January 31, 2014 filing, please explain why there are diesel generation variations between forecast and actual diesel generation at actual 2012 and 2013 grid loads?
- (b) Please rerun the YECSIM model using actual grid load and actual hydro water availability and provide results for forecast diesel generation requirements.
- (c) For any one month — say February 2012 — assuming:
  - i. that the Board adopted YEC's proposed formulaic approach, wherein the DCF is permanently switched on, and
  - ii. that the historical DCF trigger approach was adopted and further assuming that diesel was on the margin for the month of February 2012,please provide and compare the respective calculations, and explain the differences between the two methodologies.

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<sup>10</sup> YEC DCF-ERA supplementary filing, June 30, 2014, Attachment 1, page 1-2.

<sup>11</sup> YECL DCF-ERA filing, January 31, 2014, page 4.

**YUB-YEC-5**

**Reference:** YEC DCF-ERA supplementary filing

**Issue/sub-issue:** DCF ERA calculations

**Quote:** Historically, both the DCF and the earlier Low Water Reserve Fund (LWRF) were implemented to address variances in the cost of diesel generation related solely to hydro generation variations from GRA approved forecasts that are due to hydro capability variances (e.g., water flows variances). The LWRF and DCF did not address other reasons for diesel generation cost variances (e.g., neither the LWRF nor the previously approved DCF addressed diesel generation cost variances from forecasts due to fluctuations in sales or overall generation requirements, variances in fuel prices, or variances in diesel plant efficiencies or average O&M costs per kWh).<sup>12</sup>

...

The LWRF and DCF included provision for "expected diesel" at varying grid loads and thereby ensured that actual diesel generation would be compared against "expected diesel" generation that would apply to actual grid loads. The proposed DCF in essence retains similar provisions to ensure that, when carrying out the DCF determinations in any year, actual diesel generation is compared with "expected diesel" applicable to the actual grid loads that occur.<sup>13</sup>

**Preamble:** Further information is required.

**Request:**

- (a) Please explain clearly what YEC is alluding to when submitting that the proposed DCF in essence retains similar provisions as the previously approved DCF. Please explain what YEC is referencing when it refers to similar provisions.
- (b) Respecting the previously approved DCF, were the utility GRA forecasts based on long-term average hydro values?
  - i. If so, are the methodologies and calculations associated with YEC's proposed DCF similar to the previously approved DCF? Please explain and provide example DCF calculations for both methods.
  - ii. If not, respecting the "water-related considerations that form the essential foundation for the DCF," how does the LTA forecasting methodology, which YEC currently uses, allow for the same considerations that were given the previously approved DCF?
- (c) Respecting the previously approved ERA calculations, were the underlying calculations based on long-term average hydro values? Also, are the methodologies and calculations associated with YEC's proposed ERA similar to the previously approved ERA calculations? If so, please explain why the methodologies and calculations are still appropriate.
- (d) With regard to the ERA calculations based on the YECSIM model output, please explain how incremental diesel fluctuations can be attributed to wholesale sales to YECL, considering that the fluctuations may arise because of other increased YEC loads, for example — and not limited to — forced outages to hydro facilities or transmission lines, extended planned maintenance outages.

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<sup>12</sup> YEC DCF-ERA supplementary filing, June 30, 2014, page 1-6.

<sup>13</sup> YEC DCF-ERA supplementary filing, June 30, 2014, page 1-6, footnote 11.

**YUB-YEC-6**

**Reference:** YEC DCF-ERA supplementary filing

**Issue/sub-issue:** YECL's proposed deferral account option

**Quote:** Yukon Electrical's January 31, 2014 Filing provides no detail or example to help explain how the deferral account would be administered, but simply notes that "The proposal above was submitted to YEC during the utilities' discussions". As no supporting detail or explanation was included in the proposal, the Board and other parties are left to interpret an approach based on the wording provided without any guidance. [footnotes omitted]<sup>14</sup>

**Preamble:** Further information is required.

**Request:**

- (a) Per the above quote, please provide all materials that were submitted to YEC during the utilities' discussions, as regards to YECL's proposed DCF ERA deferral account.
- (b) When YECL presented its proposal for a DCF ERA deferral account, were the mechanics of the proposed new deferral account or how it would operate a part of the materials that YECL provided?
- (c) Please explain why YEC did not accept YECL's proposals during the utilities' discussions.

**YUB-YEC-7**

**Reference:** YEC DCF-ERA supplementary filing

**Issue/sub-issue:** DCF diesel usage

**Quote:** This reflects longstanding principles under the DCF and YEC's prior Low Water Reserve Fund, i.e., when the DCF is activated, YEC's actual costs for diesel in any year reflect GRA approved diesel generation forecasts based on specified water forecast assumptions, and not actual YEC generation.

The difference in cost between forecast diesel and actual diesel generation in any year at any given level of grid generation reflects only the variance in water availability (hydro generation) relative to the forecast, and this difference is what goes into or comes out of the DCF.<sup>15</sup>

**Preamble:** Further information is required.

**Request:**

Respecting the above quote, is YEC submitting that the difference in cost between forecast diesel and actual diesel generation in a test year reflects only the variance in water availability (hydro generation)? Please explain how other considerations that may lead to incremental diesel usage can be discounted.

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<sup>14</sup> YEC DCF-ERA supplementary filing, June 30, 2014, Attachment 1, page 1-1.

<sup>15</sup> YEC DCF-ERA supplementary filing, June 30, 2014, Attachment 1, page 1-3.

**YUB-YEC-8**

**Reference:**

**YEC DCF-ERA supplementary filing**

**Issue/sub-issue:**

**Diesel generation**

**Quote:**

To understand the material changes involved in the YECL proposal relative to long standing principles associated with the DCF, it is useful to look back to when the Faro mine was operating and changes in loads had a 100% impact on diesel generation requirements under normal water conditions:

- o YEC at that time under the DCF paid full diesel cost for any growth variance in load beyond forecast [DCF payment then depended on actual diesel versus what YEC had to pay], and therefore YEC's payment covered the full incremental diesel cost of load growth;
- o However, under YECL's new diesel deferral proposal, YEC would have paid added diesel costs related to growth above load forecast based only on average diesel requirements as a percent of grid sales, and therefore at only a fraction of that load growth (about 28% based on the 1996 GRA); the net impact would mean that ratepayers, not YEC, must pay for the balance of added diesel cost at LTA through the deferral account [would mean that all ratepayers at that time would have typically faced rider charges for over 70% of added diesel costs when water flows were at or less than LTA] even though YEC would have retained 100% of revenues from the added sales that exceeded GRA forecasts.

**Preamble:**

Further information is required.

**Request:**

- (a) With respect to YEC's current DCF proposal for the 2012-13 test years, do changes in loads have a 100% impact on diesel generation requirements under normal water conditions?
- (b) Please explain what is meant by "normal water conditions".
- (c) At the time when the Faro mine was operating, on an annual basis, what was the percentage mix of hydro vs. diesel generation?
- (d) What is the percentage of hydro vs. diesel generation in the 2012 and 2013 test years?
- (e) Considering the answers to (c) and (d), is it appropriate that the DCF be reactivated at this time? Please explain.
- (f) At the time when the Faro mine was operating, can it be suggested that all of Yukon's electrical customers, be it YEC or YECL, paid for incremental diesel generation when compared to GRA forecasts? Please explain.



### YUB-YEC-9

**Reference:** YEC DCF-ERA supplementary filing

**Issue/sub-issue:** YECSIM model

**Quote:** The YECSIM model is a planning model that is designed to provide an accurate representation of the YEC power system under a variety of hydrologic conditions. It has been custom made to accommodate all significant factors that affect the operation of the YEC power system, including the complex rules of operation and the regulatory demands on YEC. It is not designed to forecast actual diesel expected to be incurred in a particular year. It is designed to provide what the diesel requirement would be under long-term average water conditions at a particular load level and under assumed licence and generation installation conditions.<sup>16</sup>

**Preamble:** Further information is required.

### **Request:**

Considering the above quote, please explain how the output of the YECSIM model can be verified, after the fact for a test year — say 2012.

### YUB-YEC-10

**Reference:** YEC January 31, 2014 Filing, Attachment A, page 3

**Issue/sub-issue:** Summary Information

### **Request:**

- (a) Please provide a copy of the summary memo used in the May 16, 2013 meeting that reviewed the relevant history of the ERA and the proposed wording changes to Rate Schedule 42.
- (b) Please provide a copy of the illustrative Excel spreadsheet showing the ERA calculations from that meeting.
- (c) Please provide a copy of the correspondence regarding the understanding of each company's positions and requirements for a joint filing, issued June 17, 2013.
- (d) Please provide a copy of YEC's May 17, 2013 response to intervenor comments to the compliance filing (Attachment A) for the record of this proceeding.

### YUB-YEC-11

**Reference:** YEC/YECL DCF-ERA Filings of January 31, 2014

**Issue/sub-issue:** Joint Agreement

### **Request:**

- (a) With respect to the DCF and ERA materials, please confirm that the Companies (YEC and YECL) were not able to agree on any single item. If not confirmed, please explain.
- (b) Please provide YEC's opinion on what purpose the DCF and ERA mechanisms should serve. Please also indicate whether that purpose has been adequately served in the past.

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<sup>16</sup> YEC DCF ERA supplemental filing, Attachment 2, page 2-3.

**YUB-YEC-12**

**Reference:** Draft September 7, 2013  
**Issue/sub-issue:** Netting of all related revenues for both YEC and YECL

**Request:**

Please describe the netting of all related revenues for both YEC and YECL and explain what impact this provides. If it does not provide any impact, why is it done?

**YUB-YEC-13**

**Reference:** YEC January 31, 2014 Application  
**Issue/sub-issue:** Response to previous Board directions

**Request:**

- (a) How does the filed application conform with the direction from Board Order 2013-01, to provide a revised DCF proposal that incorporates specific changes noted in that Order and to work with YECL to provide a joint recommendation regarding how the DCF will affect the ERA in Rate Schedule 42, or Board Order 2013-03 that YEC and YECL provide a joint filing regarding the revised DCF proposal, and the ERA, stating if agreement cannot be reached, a filing in which the Companies state which aspects they agree upon, the aspects they disagree upon and the position of each company on those aspects they disagree upon.
- (b) Please summarize in YEC's view, any aspects the Companies agree upon, the points the Companies disagree upon, why there is disagreement and what would be necessary to bridge those areas of disagreement.
- (c) If the Companies cannot agree on changes to the DCF and ERA, should the DCF and ERA be discontinued? Please explain.
- (d) Is there a legislative requirement to continue with the DCF? Please explain.
- (e) Is there a legislative requirement to continue with the ERA? Please explain.
- (f) Would any DCF or ERA calculations be valid for any years that are not a GRA test year? Please explain.

**YUB-YEC-14**

**Reference:** YEC DCF-ERA filing, page 2  
**Issue/sub-issue:** DCF/ERA  
**Quote:** The Board's current and past Orders for both utilities continue to support implementation of DCF and ERA mechanisms in Yukon, ...

**Request:**

What is the impact if the Board determines that the continuance of the DCF and ERA is no longer required?

**YUB-YEC-15**

**Reference:** YEC DCF-ERA filing, page 2

**Issue/sub-issue:** ERA

**Quote:** ... (b) to provide for YECL recovery through a Rate Rider of any net added YECL cost not otherwise recovered from ratepayers after full consideration of YECL revenue changes related to the wholesale variance.

**Request:**

Please provide an illustrative example.

**YUB-YEC-16**

**Reference:** YEC DCF-ERA filing, page 3

**Issue/sub-issue:** Unrecovered costs

**Quote:** Both options also protect YECL from incurring unrecovered costs related to changes in YEC's incremental diesel generation costs arising from changes in YECL power purchases from YEC.

**Request:**

- (a) Please provide examples of these unrecovered costs.
- (b) What is the root cause for these costs to be incurred at a rate which exceeds the incremental revenues?
- (c) Please describe the risks associated with this process.

**YUB-YEC-17**

**Reference:** YEC DCF-ERA filing, page 3

**Issue/sub-issue:** Option A

**Quote:** ... to reflect net cost to YEC after all added revenues related to wholesale variances, and provides as well for YECL recovery through its deferral account (and related rate rider) of any net added cost after full consideration of added revenues due to increased sales.

**Request:**

Please provide an illustrative example of the above.

**YUB-YEC-18**

**Reference:** YEC DCF-ERA filing, page 3

**Issue/sub-issue:** YECL concerns

**Quote:** YEC understands that these ERA issues for YECL are magnified by the need today for a “formulaic approach” to estimate expected diesel under different load conditions and the difficulties inherent in allocating to YECL a share of YEC’s overall incremental thermal generation cost changes arising from load variances relative to approved GRA forecasts.

**Request:**

Why is a formulaic approach required? Please explain.

**YUB-YEC-19**

**Reference:** YEC DCF-ERA filing, page 4

**Issue/sub-issue:** Option A and Option B, required approvals.

**Request:**

- (a) Given that approvals are requested effective January 1, 2012 for Option A, how is this not considered retroactive rate-making?
- (b) Given that approvals are requested effective January 1, 2012 for Option B, how is this not considered retroactive rate-making?

**YUB-YEC-20**

**Reference:** YEC DCF-ERA filing, page 5

**Issue/sub-issue:** Net Revenue Cost

**Quote:** After the ERA, YECL would retain a net revenue cost impact of \$0.009 million as a result of the wholesales variance; ...

**Request:**

- (a) Does this example mean that in certain situations, the revenues from the incremental sales over the forecast amount are less than the wholesale costs of the energy associated with those incremental sales?
- (b) In YEC’s view, is this a forecast risk that should be borne by the utility? Please explain.
- (c) How would YEC handle this during non-test years?

**YUB-YEC-21**

**Reference:** YEC DCF-ERA filing, page 6

**Issue/sub-issue:** Rate Rider

**Quote:** Industrial and retail firm sales would be required to pay a rate rider for recovery of the above DDA amounts for 2012 and 2013 (total \$0.540 million).

**Request:**

Please explain how this would work. Would YECL collect these amounts on behalf of YEC?

**YUB-YEC-22**

**Reference:** YEC DCF-ERA filing, page 6

**Issue/sub-issue:** Charges to YECL

**Quote:** There would be no new charges to YECL under this option related to any of the wholesales variances from approved GRA forecasts (i.e., the ERA would be discontinued, and YECL net revenue gains from added wholesales of \$0.571 million in 2012 and \$0.004 million in 2013 would be retained). (Footnote omitted)

**Request:**

In YEC's view does this shift forecast risk from YECL to the customer?

**YUB-YEC-23**

**Reference:** YEC DCF-ERA filing, page 6

**Issue/sub-issue:** YECL Deferral Account

**Quote:** Under Option A, added YECL revenues from increased retail sales variances either equal or exceed any net ERA cost to YECL (due to ability to flow through any net costs to the YECL deferral account).

**Request:**

In YEC's view, does the deferral account only apply to the change in rates for wholesale purchases from YEC or does it consider changes in volume too?

**YUB-YEC-24**

**Reference:** YEC DCF-ERA filing, page 7

**Issue/sub-issue:** Prior direction

**Quote:** Option A also is consistent with past Board Orders and the directions in OIC 1995/90.

**Request:**

Please provide the specific prior Board directions and the specific part of OIC 1995/90 that YEC is referring to.

**YUB-YEC-25**

**Reference:** YEC DCF-ERA filing, Tables 1-3 (pages 8-10 inclusive)

**Issue/sub-issue:** 2013 preliminary actuals

**Request:**

Please provide the final DCF and ERA tables, results and calculations for 2013.

**YUB-YEC-26**

**Reference:** YEC DCF-ERA filing, Appendix 1, page 1-2

**Issue/sub-issue:** Tables

**Quote:** Yukon Energy also committed to provide the Board with an update to Table 3.2-2 when required in future to address material changes in long-term average hydro system capability due to changes in loads, installed capacity, licensing/permits or other factors.

**Request:**

- (a) Has Table 3.2-2 been updated to reflect Mayo B, the Aishihik third turbine and the upgrade to Fish Lake hydro?
- (b) How are load changes reflected? What does YEC consider to be a threshold for a material load change?
- (c) What does YEC consider to be a material change in terms of capacity?
- (d) How will the ERA be adjusted for LNG generation? How will LNG generation be distinguished from diesel generation?
- (e) How will the DCF be adjusted for LNG generation? How will LNG generation be distinguished from diesel generation?

**YUB-YEC-27**

**Reference:** YEC DCF-ERA filing, Appendix 1, page 1-2

**Issue/sub-issue:** Tables

**Quote:** Attachment 1.1 also includes revised tables to determine annual expected diesel generation in 2012 and 2013, reflecting changes in the YEC load and generation forecasts for wholesales and industrial loads as included in YEC's Compliance filing.

**Request:**

What process does YEC envision for updating testing and getting approval for the updated tables?

**YUB-YEC-28**

**Reference:** YEC DCF-ERA filing, Appendix 1.1, page 1.1-6

**Issue/sub-issue:** Fish Lake Hydro

**Quote:** In contrast to YEC hydro generation, YECL's Fish Lake hydro generation is not affected in any material way by YECL's wholesales load levels or YEC's overall grid loads.

**Request:**

- (a) What is the impact (\$) to YECL if Fish Lake hydro generation is above long-term average?
- (b) What is the impact (\$) to YECL if Fish Lake hydro generation is below long-term average?

**YUB-YEC-29**

**Reference:** YEC DCF-ERA filing, Attachment 1.1, page A1.1-4

**Issue/sub-issue:** LNG

**Quote:** **UPDATE:** The relevant diesel fuel prices, unit fuel efficiency and incremental O&M costs are updated in each YEC GRA.

**Request:**

How will LNG costs be incorporated if the units are in service before a GRA test year?

**YUB-YEC-30**

**Reference:** YEC DCF-ERA filing, Appendix 2, page 2-6

**Issue/sub-issue:** ERA Calculations

**Quote:** Yukon Energy would also now propose that the ERA calculations apply in all years, including years when wholesale changes do not move in the same direction as overall grid load changes.

**Request:**

Please fully explain why this change is necessary.

**YUB-YEC-31**

**Reference:** YECL DCF-ERA filing, page 2

**Issue/sub-issue:** DCF

**Quote:** The DCF was designed to apply narrowly based on the specific circumstances of the time.

**Request:**

- (a) Do the circumstances as known then for the DCF exist today? Please explain.
- (b) Please provide YEC's interpretation/definition of a drought condition.