

## **Appendix A to Board Order 2016-04**

### **IN THE MATTER OF the *Public Utilities Act* Revised Statutes of Yukon, 2002, c. 186, as amended**

**And**

### **General Rate Application for 2016 and 2017 by Yukon Electrical Company Limited**

#### **Reasons for Decision**

The Yukon Utilities Board (Board) has considered the requests of the Utilities Consumers' Group (UCG) for further and better IR responses. The Board reviewed the record in relation to the IRs in question, the responses provided to date by the Yukon Electrical Company Ltd. (YECL or AEY), and the submissions of UCG and YECL relating to the responses. In making its decision on the UCG motion, the Board considered the nature of the current proceeding, the materiality and potential impacts to parties of further information responses, and the Board's *Rules of Practice*. In general, this GRA is to test the requested revenue requirements for YECL for the years 2016 to 2017, inclusive.

In arriving at the following determinations, the Board balanced the level of detail requested in some of the IRs, whether the IRs were relevant to the proceeding, and whether the information responses could be provided in a timely manner.

*UCG-AEY-1*: In light of YECL's response, UCG is no longer requesting a further response to this IR.

*UCG-AEY-5 (b)*: The Board is of the view that YECL has provided an adequate response on this IR and no further response is required.

*UCG-AEY-6 (a)*: As the Alberta Utilities Commission decisions referenced by YECL are not filed on the record of this proceeding, YECL must provide electronic copies of the decisions to UCG.

*UCG-AEY-15 (a)*: The Board considers that YECL has provided an adequate response to this IR and no further response is required.

*UCG-AEY-22 (b)* In light of YECL's response, UCG is no longer requesting a further response to this IR.

*UCG-AEY-23(a)*: UCG acknowledged that YECL has provided an amended response regarding UCG-AEY-23 (a) and is not requesting any further response in relation to this IR.

*UCG-AEY-23(b)*: Considering the material that YECL referenced in its comments responding to the motion, the Board is of the view that YECL has provided an adequate response on this IR and no further response is required.

*UCG-AEY-25(a)*: The Board directs YECL to provide the number of employees whose compensation was greater than \$100,000 annually in 2013, 2014 and 2015, or will be during the forecast period 2016 and 2017.

*UCG-AEY-29(c) & (d)*: The Board is of the view that YECL has provided an adequate response on this IR and no further response is required.

*UCG-AEY-30(d)*: The Board is of the view that YECL has provided an adequate response on this IR and no further response is required.

*UCG-AEY-30(c) and (f)*: The Board is of the view that YECL did not respond fully to UCG's questions. YECL is directed to confirm that the current benchmark ROE of 8.75% established by BCUC pertained to a utility having a 38% equity ratio, as well as confirm that the current benchmark ROE established by the AUC does not have a provision for an add-on risk premium.

*UCG-AEY-33(a)*: The Board considers that YECL has provided an adequate response to this IR and no further response is required.

*UCG-AEY-34(j), (k), and (l)*: The Board directs YECL to respond to UCG's question as to whether there has been any change in AEY's business, weather and power supply risks since Board Order 2014-06 that would materially impact AEY's risk profile.

*UCG-AEY-35(b)*: UCG acknowledged that YECL has provided an amended IR response and is no longer requesting a further response.

*UCG-AEY-36(b), UCG-AEY-37(a), UCG-AEY-38(a), UCG-AEY-39(a), UCG-AEY-40(a), UCG-AEY-42(a), UCG-AEY-44(a) & (b), UCG-AEY-45(a) & (b), UCG-AEY-46(a) & (b), UCG-AEY-47(a) & (b), UCG-AEY-48(a) & (b), UCG-AEY-49(a) & (b), UCG-AEY-50(a) & (b), UCG-AEY-51(a) & (b), UCG-AEY-52(a) & (b), UCG-AEY-53(b) & (c), UCG-AEY-54(a) & (b), UCG-AEY-55(a) & (b), UCG-AEY-56(a) & (b), UCG-AEY-57(a) & (b), UCG-AEY-58(a) & (b), UCG-AEY-59(a) & (b), UCG-AEY-60(a) & (b), UCG-AEY-61(a) & (b)*: The Board notes YECL's submission that Section 14 of its Application provides business cases for all projects proposed in 2016 and 2017 that exceed a \$500,000 threshold, which YECL indicates is consistent with past applications. With respect to project cost overruns, in Board Order 2014-06, the Board set out the following:

... the Board directs YECL in future applications to explain more fully the reasons for project overruns. For clarity, for project costs overruns that are (collectively) 100 percent over and \$100,000 greater than the original estimate, YECL is to provide business case type descriptions in the

Application, to alert interveners and the Board to cost overruns, thereby allowing for a more efficient process to examine the cost overruns.”<sup>1</sup>

Considering the above direction, YECL is directed to ensure that business case type descriptions are provided where necessary in response to the above-noted IRs.

### **Board IRs requiring further response**

*YUB-YECL-2 (c) and (d)*: YECL’s IR response provided examples of legislative provisions that have historically impacted YECL. However, YECL did not describe the impact of the provisions. The Board therefore directs YECL to describe how the examples of legislative provisions have historically impacted YECL’s revenue requirement and to confirm that Board Orders have not historically impacted YECL’s revenue requirement.

*YUB-YECL-27(a)*: YECL’s response indicated that no across-the-board wage freezes were imposed in the 2014 to 2016 period and that some employees received wage increases in 2015 and 2016. The response did not provide details about whether some employees did not receive increases in 2015 and 2016. The Board directs YECL to provide details as requested — e.g. How many and what percentage did not get wage increases in 2015 and 2016?

*YUB-YECL-39(c)*: YECL’s IR response stated that forecast relocation costs only apply to relocation of AEY employees. The Board directs YECL to confirm whether the relocation costs for AEY employees leaving the Yukon are included in YECL relocation costs. If costs are included, YECL is further directed to provide details.

*YUB-YECL-50(a)*: YECL is directed to provide an electronic copy of the decision referred to in its response.

### **Other**

UCG, in its letter dated August 29, 2016, submitted that the Board should direct AEY to provide an updated set of IR responses per Board Order 2012-07. In that order, the Board set out the following:

The Board agrees with UCG that responses to IRs should be cross-referenced wherever there are references to another IR or there is duplication in a response to more than one IR. The Board directs all Parties, when providing a response to an IR which refers to the answer in another IR, to identify the cross-referenced IR and to include a copy of the response to the cross-referenced IR.

The Board notes that the above direction was given prior to YEC answering Round 1 IRs. Since the direction requested by UCG was not issued at the beginning of the IR process and given the limited additional information directed above, the Board considers that, on balance, the additional effort required at this point to implement such

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<sup>1</sup> Board Order 2014-06, Appendix A - Reasons for Decision, page 69 of 110.

a direction is not warranted because parties can access the IR responses electronically when references are made in the IR responses.

Nothing in this Board Order or Reasons for Decision prevents interveners from presenting evidence or lines of questioning on these issues at the oral hearing.