

UTILITIES CONSUMERS' GROUP
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February 4, 2019

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Mr. Robert Laking, Chair

**Re: Yukon Energy Corporation
2017-2018 General Rates Application
UCG Comments on YEC Cost Claim**

Dear Mr. Laking:

The Utilities Consumers' Group (UCG) offers the following comments on Yukon Energy Corporation's (YEC) cost claim dated January 25, 2019 in this proceeding.

General Comments

UCG submits that this cost claim of YEC clearly demonstrates the message UCG gave the administration of YEC and the Board during cross examination and argument. Not only does it convey the flagrant usage of consultants and legal, while maintaining to the Board that they have significantly lowered these costs to ratepayers since the YUB ordered, during the 2013 hearing for the YEC to look at better alternatives; i.e. doing the work in-house. But, it yet again raises considerable concerns with respect to how much in regulatory costs should be recovered through rates charged to Yukon ratepayers, the continued request by YEC for Yukon ratepayers to pay for claimed costs that are not allowed per the YUB's Scale of Costs and on which the YUB has repeatedly denied recovery, and how these disallowed costs are being treated from an accounting and revenue requirement perspective and how transparent this treatment has been.

It is very apparent that YEC continues its long-term practice of applying to recover regulatory costs, that are shovelled-out to outside consultants and lawyers, rather than doing their own job. To add further insult, the YEC continues to apply for many costs that the YUB has denied in previous proceedings according to the Intervenor Cost Awards Policy and the associated Scale of Costs. UCG does not understand why this utility and its consultants continue to disregard the rulings and determinations of the YUB regarding costs that are not to be recovered from Yukon ratepayers through electricity rates. UCG can only speculate that it is because there have been no repercussions of trying to slip unwarranted and non-allowed expenses through the cost claim process.

It is particularly disturbing that Mr. Mollard's sworn affidavit (Form 4) dated January 25, 2019 states that "*I confirm that the fees and disbursements claimed on behalf of the Claimant's lawyer(s), expert(s), or consultant(s) are reasonable and in accordance with the Scale of Costs*", when so many of the claimed costs are patently not allowed per the Scale of Costs and the YUB's past rulings. UCG is disappointed that YEC's own Chief Financial Officer is not more aware of what is allowed to be recovered from Yukon ratepayers.

In its cost claim, YEC is asking to recover a total of \$793,807.77 in legal and consultant fees and disbursements.

Disallowance of Witness Preparation Session Costs

First and foremost is the egregious attitude and contempt to charge ratepayers for their own mock-hearings. YEC notes in its cost claim application (page 9) that it is again attempting to recover costs associated with three "Hearing Panel Preparation" sessions in Vancouver (one in October 2017 and two in May 2018).

In its Order 2009-11 regarding cost claims associated with a previous GRA proceeding, the YUB disallowed costs associated with witness preparation sessions:¹

"In addition, the Board disallows all disbursements related to the witness preparation session as the need for such a session was not substantiated and the Board finds these expenses were not prudent or reasonable based on the following. The witnesses for YEC in the Application are experts and have appeared before the Board on numerous occasions. Also, YEC had experienced counsel to guide and prepare its witnesses."

In its Order 2013-08 regarding cost claims from YEC's most recent GRA proceeding, the YUB again disallowed costs associated with witness preparation sessions:²

"Costs claimed for witness-preparation sessions and other preparation for the GRA, which were not detailed, are disallowed, as the Board finds these expenses were not reasonable considering the witnesses in question had appeared before the Board in other proceedings and had prepared the Application."

Beyond ignoring the consistency of YUB decisions denying the recovery of the costs of witness preparation sessions, UCG notes that YEC is claiming costs for witness preparation sessions for an individual who was not even a witness at the June 2018 hearing (Pollitt-Smith).

Based on its analysis of the extensive documentation submitted with YEC's cost claim, UCG submits that **the total cost claims of \$44,824.68 (\$34,269.90 for time and \$10,554.78 for disbursements) that YEC is attempting to charge to this proceeding on the days identified for witness preparation sessions and the days preparing for these sessions should be disallowed and not recovered from ratepayers:**

DLA Piper Legal Services Fees Related to Witness Preparation Sessions

October 11, 2017	2.0 hours @ \$350/hour = \$ 700.00 + GST =	\$ 735.00
October 12, 2017	7.5 hours @ \$350/hour = \$2,625.00 + GST =	\$ 2,756.25
May 1, 2018	7.0 hours @ \$350/hour = \$2,450.00 + GST =	\$ 2,572.50
May 17, 2018	0.5 hours @ \$350/hour = \$ 175.00 + GST =	\$ 183.75
May 28, 2018	4.0 hours @ \$350/hour = \$1,400.00 + GST =	\$ 1,470.00
May 29, 2018	6.0 hours @ \$350/hour = \$2,100.00 + GST =	\$ 2,205.00
May 30, 2018	7.5 hours @ \$350/hour = \$2,625.00 + GST =	\$ 2,756.25
May 31, 2018	6.5 hours @ \$350/hour = \$2,275.00 + GST =	<u>\$ 2,388.75</u>
		\$15,067.50

DLA Piper Disbursements Related to Witness Preparation Sessions

October 12, 2017*	\$ 53.75 + 2.69 GST =	\$ 56.44	Dilly Dally Cafe
May 1, 2018*	\$ 97.60 + 4.88 GST =	\$102.48	Seasons Catering
May 30, 2018*	\$111.00 + 5.55 GST =	\$116.55	Seasons Catering
May 31, 2018*	\$108.50 + 5.43 GST =	<u>\$113.93</u>	Seasons Catering
		\$389.40	

¹Board Order 2009-11 dated December 8, 2009, page 11.

²Board Order 2013-08 dated September 13, 2013, page 14

* The recovery of these expenses for meals would also be denied as a matter of course pursuant to the Scale of Costs yet YEC decided to submit for recovery.

InterGroup Services Fees Related to Witness Preparation Sessions

Osler:

October 10, 2017	4.50 hours @ \$240/hour = \$1,080.00 + GST =	\$ 1,134.00
October 12, 2017	7.00 hours @ \$240/hour = \$1,680.00 + GST =	\$ 1,764.00
May 1, 2018	7.00 hours @ \$240/hour = \$1,680.00 + GST =	\$ 1,764.00
May 28, 2018	3.50 hours @ \$240/hour = \$ 840.00 + GST =	\$ 882.00
May 29, 2018	8.50 hours @ \$240/hour = \$2,040.00 + GST =	\$ 2,142.00
May 30, 2018	8.50 hours @ \$240/hour = \$2,040.00 + GST =	\$ 2,142.00
May 31, 2018	8.50 hours @ \$240/hour = \$2,040.00 + GST =	<u>\$ 2,142.00</u>
		\$11,970.00

Pollitt-Smith:

October 11, 2017	0.50 hours @ \$168/hour = \$ 84.00 + GST =	\$ 88.20
October 12, 2017	8.00 hours @ \$168/hour = \$1,344.00 + GST =	\$ 1,411.20
October 13, 2017	0.25 hours @ \$168/hour = \$ 42.00 + GST =	\$ 44.10
May 1, 2018	7.00 hours @ \$168/hour = \$1,176.00 + GST =	\$ 1,234.80
May 28, 2018	0.75 hours @ \$168/hour = \$ 126.00 + GST =	\$ 132.30
May 29, 2018	7.50 hours @ \$168/hour = \$1,260.00 + GST =	\$ 1,323.00
May 30, 2018	8.50 hours @ \$168/hour = \$1,428.00 + GST =	\$ 1,499.40
May 31, 2018	8.50 hours @ \$168/hour = \$1,428.00 + GST =	<u>\$ 1,499.40</u>
		\$ 7,232.40

Intergroup Consultants Disbursements Related to Witness Preparation Sessions

October 11, 2017*	\$ 54.24 + 2.05 GST =	\$ 56.29	Meal (Zefferelli's)
October 11-12, 2017*	\$ 25.83 + 1.29 GST =	\$ 27.12	Lunch meetings
April 27 – May 1, 2018	\$964.00 + 48.20 GST =	\$1,012.20	Airfare (Osler)
April 27 – May 2, 2018	\$ 50.10 + 2.27 GST =	\$ 52.37	Taxi (Osler)
April 29 – May 1, 2018	\$964.00 + 48.20 GST =	\$1,012.20	Airfare (Pollitt-Smith)
May 1, 2018**	\$419.58 + 18.90 GST =	\$ 438.48	Hotel (Pollitt-Smith)
May 1, 2018	\$ 33.58 + 0.82 GST =	\$ 34.40	Meal (Pollitt-Smith)
May 29, 2018	\$964.00 + 48.20 GST =	\$1,012.20	Airfare (Osler)
May 29, 2018	\$ 31.70 + 1.40 GST =	\$ 33.10	Meal (Osler)
May 29 – June 1, 2018	\$ 54.23 + 2.44 GST =	\$ 56.67	Taxi (Osler)
May 29, 2018	\$964.00 + 48.20 GST =	\$1,012.20	Airfare (Pollitt-Smith)
May 29, 2018**	\$641.58 + 28.90 GST =	<u>\$ 670.48</u>	Hotel (Pollitt-Smith)
		\$5,417.71	

YEC Disbursements Related to Witness Preparation Sessions

October 10, 2017	\$ 12.38 + 0.62 GST =	\$ 13.00	Parking
October 11, 2017	\$ 8.67 + 0.43 GST =	\$ 9.10	Translink Train
October 12, 2017	\$ 304.00 + 15.20 GST =	\$ 319.20	Airfare (Mollard)
October 12, 2017	\$ 25.00 + 1.25 GST =	\$ 26.25	Extra Bag (Mollard)
October 11/12, 2017	\$ 258.74 + 11.66 GST =	\$ 270.40	Hotel (Mollard)
October 12, 2017*	\$ 22.90 + 1.15 GST + 3.61 tip =	\$ 27.66	Scoozis (Vancouver)
October 12, 2017*	\$ 53.50 + 2.67 GST + 7.76 tip =	\$ 63.93	Monks (Vancouver)
October 13, 2017	\$ 225.12 + 11.26 GST =	\$ 236.38	Airfare (Mollard)
October 12, 2017	\$ 3.90 + 0.20 GST =	\$ 4.10	Translink Train
April 26 – May 1, 2018	\$ 327.60 + 16.38 GST =	\$ 343.98	Airfare (Sreckovic)
April 26, 2018	\$ 19.05 + 0.95 GST =	\$ 20.00	Translink Train
April 29 – May 1, 2018	\$ 454.94 + 22.74 GST =	\$ 477.68	Airfare (Mollard)
April 29 – 30, 2018	\$ 380.26 + 16.90 GST =	\$ 397.16	Hotel (Mollard)
April 29 – 30, 2018	\$ 380.26 + 16.90 GST =	\$ 397.16	Hotel (Hall)

April 29, 2018	\$ 7.48 + 0.37 GST =	\$ 7.85	Translink Train
April 29, 2018	\$ 19.05 + 0.95 GST =	\$ 20.00	Translink Train
April 30, 2018*	\$ 37.14 + 1.86 GST =	\$ 39.00	Meal @ Hotel (Hall)
April 30, 2018*	\$ 58.57 + 2.93 GST =	\$ 61.50	Meal @ Cactus Club
April 30, 2018*	\$ 23.35 + 1.17 GST + 4.90 tip =	\$ 29.42	Scoozis (Vancouver)
May 1, 2018*	\$ 9.85 + 0.49 GST =	\$ 10.34	Blenz Coffee
May 1, 2018*	\$ 4.85 + 0.24 GST =	\$ 5.09	Starbucks
May 1, 2018	\$ 19.05 + 0.95 GST =	\$ 20.00	Taxi
May 1, 2018	\$ 14.29 + 0.71 GST =	\$ 15.00	Airport Parking
May 29 – May 31, 2018	\$ 469.94 + 23.49 GST =	\$ 493.43	Airfare (Mollard)
May 29, 2018	\$ 204.88 + 10.97 GST =	\$ 215.85	Airfare (Hall)
May 29 – May 31, 2018	\$ 562.50 + 25.00 GST =	\$ 587.50	Hotel (Hall)
May 29, 2018	\$ 19.05 + 0.95 GST =	\$ 20.00	Translink Train
May 29, 2018	\$ 7.43 + 0.37 GST =	\$ 7.80	Translink Train
May 29, 2018*	\$ 48.95 + 2.45 GST =	\$ 51.40	Meal @ Joey Burrard
May 30, 2018*	\$ 10.05 + 0.50 GST =	\$ 10.55	Blenz Coffee
May 30, 2018*	\$ 40.00 + 2.00 GST + 6.30 tip =	\$ 48.30	Meal @ Boulevard (Van)
May 30, 2018*	\$ 74.78 + 3.74 GST + 11.78 tip =	\$ 90.30	Meal @ Salathai (Van)
May 31, 2018*	\$ 11.29 + 0.56 GST =	\$ 11.85	Blenz Coffee
May 31, 2018*	\$ 24.76 + 1.24 GST =	\$ 26.00	Meal @ Hotel (Hall)
May 31, 2018*	\$ 30.24 + 1.51 GST =	\$ 31.75	Meal @ Monk's
May 31, 2018*	\$ 27.70 + 1.38 GST + 5.23 tip =	\$ 34.31	Meal @ Van Airport
May 31, 2018	\$ 2.67 + 0.13 GST =	\$ 2.80	Translink Train
May 31, 2018	\$ 14.29 + 0.71 GST =	\$ 15.00	Airport Parking
June 3, 2018	\$ 269.08 + 13.45 GST =	\$ 282.53	Airfare (Sreckovic)
Statutory Declaration Form	\$ 3.90 + 0.20 GST =	\$ 4.10	Translink Train
		\$4,747.67	

* The recovery of these expenses for meals would also be denied as a matter of course pursuant to the Scale of Costs yet YEC decided to submit for recovery.

** The [Public Services and Procurement Canada accommodation rate limit](#) was \$126 in April 2018 and \$162 in May 2018 per night in Vancouver. InterGroup has attempted to charge Yukon ratepayers \$219.24 per night for 2 nights in April and \$335.24 per night for 2 nights in May 2018. UCG submits that this is yet another flagrant disregard of the Scale of Costs.

The YEC administration and their "professionals" should be ashamed of this type of manoeuvring and manipulation of costs to be passed "somehow" to ratepayers.

Legal Professional Costs

As has happened in every regulatory proceeding that YEC has been involved in, YEC has been invoiced for legal fees at an hourly rate in excess of the rate allowed in the Scale of Costs. Based on information contained within Appendix A to YEC's cost claim, DLA Piper charged \$488 per hour + 5% GST for 308.5 hours of Mr. Landry's work and another \$394 per hour + GST for 1.6 hours of Mr. Burris' work. Even though YEC has not claimed legal fees in excess of the Scale of Costs in its cost claim application in the current proceeding, UCG submits that all of the legal fees that were charged by Mr. Landry and associates at above-Scale hourly rate (**\$42,573.00 + \$2,128.65 GST**) should not be recovered in any way through rates charged to Yukon ratepayers and UCG questions why YEC's owner should be paying costs above those that have been determined to be fair for electricity ratepayers (who are also Yukon taxpayers). Accordingly, the Board should further order the YEC to put all legal contracts out to tender and allow Yukon legal firms the opportunity to bid on this and all legal opportunity.

The YUB has determined that the hourly rate limits for professional fees included in the Scale of Costs were established at levels that were fair to be recovered from Yukon ratepayers for services rendered as part of a regulatory proceeding. The ongoing charging by YEC's lawyers at rates well above the Scale of Costs levels remains a significant issue for Yukon ratepayers since we are left paying for all costs incurred by YEC (either through electricity rates or tax bills). All of these costs work against the affordability of services being provided in the Yukon, including electricity.

Regarding the particular time claimed by Mr. Landry, the details provided on the DLA Piper invoices do not allow the YUB to determine whether some of the time charged was even related to this application as only limited or no detail is provided on topics discussed.

UCG also submits that **none of the \$661.92 (\$630.40 + GST) charges submitted for Mr. Burris' time should be allowed to be recovered through this claim** nor through rates paid by Yukon ratepayers since no information has been provided to verify Mr. Burris' qualifications and activities he undertook reviewing drafts and emails sound like a duplication of effort and administrative.

YEC notes in its cost claim (page 5) that it is applying to recover legal costs that are related to the ERA Part 1 proceeding:

- 8.5 hours in February 2018 for ERA Part 1 IR responses; and
- 10.5 hours in March 2018 for review of ERA Part 1 Argument and Reply

YEC left these costs out of its cost claim for the ERA Part 1 application and have determined that it is okay to apply retroactively for costs on which the YUB has already made a final determination (Board Order 2018-09). **UCG submits that the ship has already sailed on the cost claim process for the ERA Part 1 application so this \$6,982.50 (\$6,650 + GST) should be disallowed from YEC's current cost claim.**

Given that the Scale of Costs only allows professionals to claim half of their hourly rate for travel time, UCG questions how much of DLA Piper claimed hours (charged at full hourly rate) were associated with travel time. UCG sees no adjustment in hourly rates in YEC's cost claim.

Intergroup Consultant Professional Costs

For reasons known only to YEC, InterGroup Consultants were yet again hired by YEC to command the preparation of the current application and be the primary regulatory representative of YEC. UCG questions why, after so many years, the in-house staff at YEC has not gained enough experience to allow them to assemble regulatory applications without the need for the services of some of the most expensive consultants on the planet. Yukon ratepayers deserve to be spared the excessive costs that YEC feels are a cost of doing business when more practical and less expensive alternatives are sitting right here in the Yukon.

What is particularly daunting is that the Intergroup firm has a tag-along to all the processes that they are managing for the YEC, i.e. sits through various proceedings and collects a very lucrative stipend plus all costs, all while intervenors are given minimum-wage for cross-examination and preparation.

As is noted above, UCG does not understand why YEC and its consultants continue to disregard the rulings and determinations of the YUB regarding costs that are not to be recovered from Yukon ratepayers through electricity rates. How many times does the YUB need to disallow the duplicative and unwarranted costs that are charged to YEC by the consultants from Winnipeg? InterGroup has one "professional" witness and only that one witness should be allowed to charge back to ratepayers. It should be then up to him to dole out these costs to those on his firm who are doing his work on his behalf.

- In Board Order 2011-09, the YUB disallowed YEC's allowed cost recovery for the professional fees of any InterGroup analysts other than Mr. Osler and Ms. Pollitt-Smith because "the services of other analysts and researchers were duplicative of the services provided by these two consultants." The YUB also found that the hours claimed by Mr. Osler and Ms. Pollitt-Smith were excessive because some of these services were duplicative so the YUB reduced the number of hours of each of these consultants by 20%. The way that these costs are accounted for by InterGroup and the YEC does not clearly identify which work was done by Osler and which work was done by Pollitt-Smith.
- In its Board Order 2013-08, the YUB disallowed the professional fees of any analysts other than Mr. Osler, Ms. Pollitt-Smith and Mr. Najmidinov because the services of other analysts were duplicative of the services provided by these three consultants. The YUB also determined that some of the services provided by Mr. Osler, Ms. Pollitt-Smith and Mr. Najmidinov were duplicative, so the YUB exercised its discretion and reduced the total fees claimed for each of these consultants by 25% of the hours claimed.
- In its Board Order 2014-12, the YUB again disallowed the professional fees of InterGroup's support analysts and administration staff because the services of these analysts were duplicative of the services provided by the main consultants. The YUB also determined that some of the services provided by InterGroup's consultants were duplicative, so the YUB exercised its discretion and reduced the total fees claimed for each of these consultants by 15% of the hours claimed.
- In its Board Order 2015-04, the YUB adopted its views in Board Order 2013-08 and Board Order 2014-12 that disallowed the costs related to the excessive amounts of analysts, research analysts and other staff that InterGroup involved in the proceeding because of the duplication of work of the main consultants (Mr. Osler and Ms. Pollitt-Smith). The YUB also reduced the total number of hours claimed by InterGroup's main consultants by 25% for each consultant because they were excessive.
- In its Board Order 2018-08, the YUB disallowed the professional fees of "any researcher or other analyst because the Board is not satisfied that these services were needed since the consulting services were provided by Mr. Osler and Ms. Pollitt-Smith. In addition, the Board considers that document production staff are not consultants, analysts or experts within the meaning defined in the Scale of Costs. Document production staff is more akin to support staff and the Scale of Costs only permits claims for support staff who are not part of the office staff of the consultants. In this case, the document production staff work for InterGroup". The YUB also exercised its discretion and reduced the number of hours of each of Mr. Osler and Ms. Pollitt-Smith by 40% because their claims were excessive.
- In its Board Order 2018-09, the YUB disallowed the professional fees of "any researcher or other analyst because the Board is not satisfied that these services were needed given the consulting services provided by Mr. Osler and Ms. Pollitt-Smith. In addition, the Board considers that document production staff are not consultants, analysts or experts within the meaning of the Scale of Costs. Document production staff is more akin to support staff and the Scale of Costs only permits claims for support staff who are not part of the office staff of the consultants. In this case, the document production staff work for InterGroup; therefore, the Board disallows the consulting costs claimed for InterGroup's document production staff". The YUB also exercised its discretion to reduce the number of hours of each of Mr. Osler and Ms. Pollitt-Smith by 60% because they were excessive.

UCG interprets these determinations by the YUB as a consistent trend of recognizing that YEC has routinely tried to get Yukon ratepayers to pay for InterGroup consultant costs that are not allowed per the Scale of Costs and that InterGroup's claimed hours are routinely excessive and duplicative.

UCG submits that for a corporation that continuously promotes the "principled-approach", YEC's cost claim process is bordering on the ridiculous since they continue to absolutely ignore the previous determinations by the YUB regarding the fees charged by InterGroup. UCG questions when the YUB will do more than simply continue its disallowance of claimed costs and penalize YEC more directly for shamefully making a mockery of the cost claim process with its attempts to have Yukon ratepayers pay for their lavish spending practices.

YEC's cost claim for InterGroup for this current proceeding includes some 3,413.75 hours, broken down as follows:

C. Osler	1,521.50 hours (including ERA Part 2)
M. Pollitt-Smith	1,223.00 hours (including ERA Part 2)
H. Najmidinov:	367.25 hours
J. Gordon:	92.00 hours
Y. Okwumabua	61.50 hours
A. Khasanbaev	26.00 hours
A. McLaren	25.00 hours
M. Braun	8.50 hours
H. Mahmudov	4.50 hours
P. Bowman	2.00 hours
R. Connon	0.50 hours
Admin / Clerical	82.00 hours

UCG interprets the Board principles and prior decisions/precedants regarding cost claims of the applicant as requiring **the services and costs incurred by InterGroup staff other than Mr. Osler be automatically disallowed, and even this with the evolutionary vision of the YEC managing their own affairs.**

The total number of hours being claimed by Mr. Osler and Ms. Pollitt-Smith continue the trend in recent years of being absolutely excessive. After removing the 88.5 hours associated with witness preparation sessions, YEC is still looking to recover charges from InterGroup of 2,656 hours of Mr. Osler's and Ms. Pollitt-Smith's time. Given the duplication of descriptions of tasks undertaken, UCG submits that there is an enormous amount of duplication in the efforts of these two consultants. UCG also questions why both of these consultants had to attend meetings in Whitehorse and Vancouver in person when teleconferencing is readily available and only one is an "expert" witness.

Given that the Scale of Costs only allows professionals to claim half of their hourly rate for travel time, UCG questions how much of InterGroup's claimed hours (charged at full hourly rate) were associated with travel time. UCG sees no adjustment in hourly rates in YEC's cost claim. And yet again, why must an associate be dragged-along? Cannot this "expert" find his own way to venues and hotels?

Disbursements

YEC submitted a claim to recover \$42,218.52 in disbursements related to airfare, hotel accommodations, taxi services, meals, long distance phone calls, internal photocopying and miscellaneous charges.

UCG continues to be concerned at YEC's ongoing attempt to recover costs from ratepayers which are not recoverable pursuant to the Scale of Costs. Why must it always be up to intervenors and the YUB to spend so much time reviewing the detail of YEC's cost claims just to end up regularly pointing out

the obviously flagrant attempts by YEC to ignore the regulatory rules that have been put in place to protect ratepayers? It is getting way beyond reasonable at this point to expect the YUB to penalize YEC beyond simply continually disallowing claimed costs that have no business being within a cost claim. UCG submits that the YUB needs to step up and warn YEC that any further attempts to circumvent the rules contained in the Scale of Costs will result in a penalty.

At the same time, UCG submits that it is very important that all costs incurred related to a regulatory proceeding be identified in a cost claim with corresponding adjustments to have amounts not allowed to be excluded from amounts claimed for recovery. This ensures that Yukon ratepayers are not on the hook to pay for costs that have been deemed inappropriate to be recovered in rates. YEC must not be allowed to simply hide costs in its revenue requirement related to a regulatory proceeding.

For example, UCG questions what has happened to costs that were obviously incurred but have not been identified in YEC's cost claim:

- YEC has claimed the cost (\$204.88 + 10.97 GST) of airfare from Whitehorse to Vancouver on May 29, 2018 for Mr. Hall for a witness preparation session as well as hotel costs but there is nothing in the cost claim regarding the cost of his return flight to Whitehorse, or costs of meals, taxis or parking. Are these costs just hidden in YEC's accounting records?
- YEC has claimed the cost (\$269.08 + 13.45 GST) of airfare from Vancouver to Whitehorse on June 3, 2018 for Mr. Sreckovic for a witness preparation session but there is nothing in the cost claim regarding the cost of his flight to Vancouver, his hotel costs while in Vancouver or costs of taxis or parking. Again, are these costs just hidden in YEC's accounting records?
- What about the costs of all of YEC's staff involved in the regulatory process either directly or administratively assisting by making travel plans? Where are their costs?

The Scale of Costs is very clear that claims for meals are restricted to the duration of an oral hearing. The oral hearing for this proceeding was held June 26-28, 2018 so any meal costs claimed outside of these 3 days should automatically be disallowed. UCG submits that not only should these meal costs be disallowed from claimed costs because they are not associated with the oral hearing, but also because YEC has not included any detail to allow any determination of whether they adhere to the maximum allowable daily claim in accordance with current Government of Yukon rates. **YEC should not be allowed to recover any of this \$1,532.13 in meal costs through rates charged to Yukon ratepayers:**

DLA Piper Invoice for June 2017:

- Statutory Declaration Form \$ 6.40 + 0.32 GST = \$ 6.72 Starbucks
 - Statutory Declaration Form \$153.83 + 7.69 GST = \$161.52 Earl's Restaurant
 - Statutory Declaration Form \$ 24.60 + 1.24 GST = \$ 25.84 Tonimoes
- \$184.83 + 9.25 GST = \$194.08

DLA Piper Invoice for October 2017:

- Undated "catering services" \$ 6.75 (no receipt)
 - October 12, 2017 \$ 53.75 + 2.69 GST = \$ 56.44 Dilly Dally Cafe
- \$ 60.50 + 2.69 GST = \$ 63.19

DLA Piper Invoice for November 2017:

- Statutory Declaration Form \$ 42.74 + 2.14 GST = \$ 44.88 The Deck
 - Statutory Declaration Form \$ 15.58 + 0.78 GST = \$ 16.36 Westmark Hotel
- \$ 58.32 + 2.92 GST = \$ 61.24

DLA Piper Invoice for April 2018:

- April 30, 2018 \$120.00 + 6.00 GST = \$126.00 Savoury City Foods

- Undated "catering services" \$ 13.50
\$133.50 + 6.00 GST = \$139.50

DLA Piper Invoice for May 2018:

- Undated "catering services" \$ 20.25
 - May 1, 2018 \$ 97.60 + 4.88 GST = \$102.48 Seasons Catering
 - May 30, 2018 \$111.00 + 5.55 GST = \$116.55 Seasons Catering
 - May 31, 2018 \$108.50 + 5.43 GST = \$113.93 Seasons Catering
- \$337.35 + 15.86 GST = \$353.21

InterGroup Invoice for October 2017:

- October 11, 2017 \$ 54.24 + 2.05 GST = \$ 56.29 Zefferelli's
 - October 11-12, 2017 \$ 25.83 + 1.29 GST = \$ 27.12 Lunch meetings
- \$ 80.07 + 3.34 GST = \$ 83.41

Yukon Energy Corporation Claims:

- March 14, 2017 \$ 35.75 + 1.79 GST = \$ 37.54 Yukon Meat and Sausage
 - March 16, 2017 \$ 24.00 + 1.20 GST = \$ 25.20 Yukon Meat and Sausage
 - April 11, 2017 \$ 31.50 + 1.58 GST = \$ 33.08 Yukon Meat and Sausage
 - April 12, 2017 \$ 24.25 + 1.21 GST = \$ 25.46 Yukon Meat and Sausage
 - August 2, 2017 \$ 33.50 + 1.68 GST = \$ 35.18 Yukon Meat and Sausage
 - August 3, 2017 \$ 46.05 + 2.30 GST + 7.25 tip = \$ 55.60 The Deck
 - October 12, 2017 \$ 22.90 + 1.15 GST + 3.61 tip = \$ 27.66 Scoozis (Van)
 - October 12, 2017 \$ 53.50 + 2.67 GST + 7.76 tip = \$ 63.93 Monks (Van)
 - February 14, 2018 \$ 35.25 + 1.76 GST = \$ 37.01 Yukon Meat and Sausage
 - April 13, 2018 \$ 37.05 + 1.85 GST = \$ 38.90 Yukon Meat and Sausage
 - June 26, 2018 \$ 4.36 + 0.22 GST = \$ 4.58 Superstore (Water)
 - June 26, 2018 \$ 4.40 + 0.22 GST = \$ 4.62 Superstore (Water)
 - Statutory Declaration Form \$ 39.75 + 1.99 GST = \$ 41.74 (lunch at unknown location)
- \$392.26 + 19.62 GST + \$18.62 tip = \$430.50

The June 25, 2018 Baked Cafe invoice (YEC) identifies a total expense of \$56.57 for lunch. The receipt is not supported with a separate receipt to properly identify number of people nor if liquor and tip-related expenses were included. As a result, UCG submits that this expense **should be disallowed due to lack of supporting documentation to allow the YUB to determine if it is in accordance with current Government of Yukon meal allowances.**

The June 26, 2018 Dirty Northern & Miner's Daughter invoice (YEC) identifies a total expense of \$150.43 for supper (including tip). The receipt is not supported with a separate receipt to properly identify number of people nor if liquor expenses were included. As a result, UCG submits that this expense **should be disallowed due to lack of supporting documentation to allow the YUB to determine if it is in accordance with current Government of Yukon meal allowances.**

The Scale of Costs is very clear that airfare, taxi, parking and hotel costs claims are restricted to an oral hearing and that all receipts relating to a claim for disbursements must be legible and clearly identify the date upon which the receipt was issued. UCG submits that YEC has failed to adhere to these requirements by simply submitting "Statutory Declaration Forms" that YEC's legal consultant has submitted for all of the meals and other expenses that they think Yukon ratepayers should agree to pay. UCG submits that it is not enough to simply identify "travel expenses" on an invoice to YEC

and then provide a random collection for declarations that expenses were incurred without any date or specifics. For example, where is the detail on how hotel room rates coincide with Government of Yukon limitations?

UCG notes that not only is there no detail provided on these Statutory Declaration Forms regarding when the expense was incurred, there is no detail about what expenses were actually incurred and how they were connected to this regulatory proceeding. For example, what expenses were incurred at the Westmark Hotel related to the Statutory Declaration Form attached to the July 27, 2017 invoice from DLA Piper? Meals? Bar bill? Tips? As well, there is no detail on what GST was included in these missing receipts. DLA Piper has added GST to the total amount of costs on its invoice so they could be collecting GST on GST already paid on these missing receipts.

As far as other disbursements claimed by YEC's legal consultants, UCG submits that **the following \$2,315.63 in claims should be disallowed for not meeting the requirements of the Scale of Costs:**

DLA Piper Invoice for June 2017 (\$1,034.70 claimed - \$184.83 meals (see above), \$849.87 other):

- Statutory Declaration Form \$ 36.19 + 1.81 GST = \$ 38.00 Gateway Valet
- Statutory Declaration Form \$407.70 + 20.38 GST = \$428.08 Westmark Hotel
- Statutory Declaration Form \$ 72.38 + 3.62 GST = \$ 76.00 Gateway Valet
- Statutory Declaration Form \$ 19.43 + 0.97 GST = \$ 20.40 Premier Cabs
- Statutory Declaration Form \$ 18.07 + 0.90 GST = \$ 18.97 Whitehorse Taxi
- June 15, 2017 Airfare \$296.09 + 14.80 GST = \$310.89 Whitehorse-Van
- \$849.87 + 42.48 GST = \$892.34

DLA Piper Invoice for October 2017 (\$660.16 claimed - \$60.50 meals (see above), \$599.66 other):

- October 2, 2017 Airfare \$335.12 + 16.76 GST = \$351.88 Van-Whitehorse
- August 3, 2017 Airfare \$264.54 + 13.23 GST = \$277.77 Whitehorse-Van
- \$599.66 + 29.99 GST = \$629.65

DLA Piper Invoice for November 2017 (\$753.90 claimed - \$58.32 meals (see above), \$695.58 other):

- October 23, 2017 Airfare \$157.00 + 7.85 GST = \$164.85 Van-Whitehorse
- October 25, 2017 Airfare \$ 94.61 + 4.73 GST = \$ 99.34 Whitehorse-Van
- Statutory Declaration Form \$ 20.53 + 1.03 GST = \$ 21.56 Yellow Cabs
- Statutory Declaration Form \$ 72.38 + 3.62 GST = \$ 76.00 Gateway Valet
- Statutory Declaration Form \$332.73 + 16.64 GST = \$349.37 Westmark Hotel
- Statutory Declaration Form \$ 18.33 + 0.92 GST = \$ 19.25 Friendly Taxi
- \$695.58 + 34.79 GST = \$730.37

DLA Piper Invoice for May 2018 (\$1,035.85 claimed - \$337.35 meals (see above), \$698.50 other):

- June 24, 2018 Airfare \$ 30.00 + 1.50 GST = \$ 31.50 Preferred Seat Fee

InterGroup Invoice for October 2017:

- October 11-12, 2017 \$ 30.26 + 1.51 GST = \$ 31.77 Long distance calls
(InterGroup's Osler was in Vancouver with YEC and DLA Piper – no reason for LD calls)

While the Scale of Costs allows for the recovery of photocopies or printing charges at a rate of 10 cents per page, there was no detail provided related to the number of pages included within the \$3,997.95 claimed for InterGroup's internal printing charges. At the very least, the calculation of these charges should be provided to indicate how many pages were photocopied.

UCG again finds it very petty that the \$3,997.95 charge claimed cannot be evenly divided by the 10 cents per page limit allowed per the Scale of Costs. It appears as though Intergroup photocopied nearly 40,000 pages related to this application. In this world of electronic documentation and review, UCG does not understand how the work of 2 consultants which is primarily conducted electronically could in any legitimate way need that much photocopying. It appears to UCG that many photocopies were being provided to support staff at numerous review sessions assuming that costs would be recovered from Yukon ratepayers. UCG submits that a substantial amount of the claimed photocopying charges should be disallowed as excessive.

With respect to YEC's other claimed disbursements, the "External Printing" claim of \$221.58 appears to actually be binders purchased at Staples on June 23, 2017 and October 10, 2017. Since these costs were not properly classified as Miscellaneous and accompanied with an explanation, these costs should be disallowed.

- o June 23, 2017 – Staples binders \$ 74.30 + 3.72 GST = \$ 78.02
- o October 10, 2017 – Staples binders \$ 147.28 + 7.36 GST = \$ 154.64

Other Recommendations

UCG requests the YUB state specifically in the decision related to the costs in this proceeding that any costs invoiced to YEC above what is allowed to be recovered from Yukon ratepayers should be at the expense of YEC's shareholders and not Yukon ratepayers or taxpayers. This includes costs incurred at rates above those contained within the Scale of Costs and costs that are disallowed from the claim. All these should be clearly identified and openly demonstrated to ratepayers in the affected accounting procedures by the YEC, so that the Board and parties can observe transparency.

Perhaps if the shareholder is on the hook for these costs out of their profits, then the boards of this corporation may be more diligent in having this corporation evolve into a truly independent Yukon entity doing the work they are highly paid to do.

If there are any questions concerning the contents of this submission, I would ask that they be directed to me by email at rondeau@northwestel.net or by phone at 633-5210.

Yours truly,

Roger Rondeau
Utilities Consumers' Group

cc (by email): Yukon Energy Corporation