

October 23, 2019

Mr. Robert Laking, Chair
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Dear Mr. Laking:

**Re: Yukon Energy 2017-18 General Rate Application – Utilities Consumers’
Group (UCG) Motion for Further Disclosure**

On October 23 with respect to Yukon Energy’s October 21, 2019 responses to information requests, UCG provided a letter to the Yukon Utilities Board (YUB or the Board) noting concern that “appropriate and adequate responses have not been provided in all cases” and that “it is necessary to have the requested information and detailed calculations that underpin YEC’s 2nd compliance filing” and that the Board consider and provide a ruling on this matter.

Yukon Energy has reviewed UCG’s motion and provides its response regarding the matters raised.

Context of 2nd Compliance Filing and Interrogatories

Yukon Energy’s second Compliance Filing (provided on September 23, 2019) copied the first Compliance Filing to Board Order 2018-10 with only a few specific changes as required to comply with the findings and direction in Appendix A of Board Order 2019-04, which stated as follows at section 2.1:

“The Board has reviewed the compliance filing and other documents on the record and other than the exceptions noted below, the Board considers that YEC has complied with the directions found in Board Order 2018-10.”

None of the changes provided by Yukon Energy in its second compliance filing affect the revenue requirement or proposed rates included in the first Compliance Filing provided on February 25, 2019, i.e., the only change for rates from the first Compliance Filing relates to

adjusted true-up amounts and related rate riders required due to delay in finalizing the 2017-18 GRA revenue requirements and final rates.

Given the above, Yukon Energy considers that it has complied with all of the Board's directions on the revenue requirement with the only matters outstanding for information requests at this time relating to specific outstanding matters raised by the Board regarding the terms and conditions for the Low Water Reserve Fund (LWRF).¹

Yukon Energy notes that the DCF / LWRF issues have been before the Board since 2012/13 GRA and have been subject to a separate 2014 DCF/ERA proceeding as well as subject to extensive review by the Board and intervenors as part of the 2017/18 GRA process. UCG and other intervenors have had a number of opportunities to ask questions and obtain information regarding this fund and to provide views on alternatives and alternatives approaches.

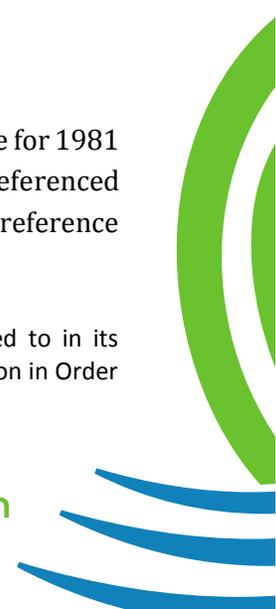
Overall, Yukon Energy is concerned that the approval of the compliance filing for its 2017/18 GRA has been delayed considerably and further delay as now initiated by UCG's motion will only compound impacts on ratepayers if the effective date for rate implementation is further delayed.

In summary, the information sought by UCG is not relevant to the Board's outstanding issues regarding the outstanding LWRF terms and conditions and in most cases relate to revenue requirement matters that have been fully tested and settled. As such the information sought by UCG is not relevant to the issues to be determined regarding Yukon Energy's compliance filing to Order 2019-04; and only seeks to reopen matters the Board has previously adjudicated on in Order 2018-10 and 2019-04. Accordingly, the overall UCG motion is without merit and should be dismissed by the Board.

Yukon Energy's Response for Specific Information Requests

UCG-YEC-1-1 requests that a version of the average annual thermal generation table for 1981 to 2015 be provided that shows actual mine load isolated into its own column. The referenced information was initially provided in YEC's June 2017 Application, and does not reference

¹ Order 2019-04 included one direction on the cost of debt which Yukon Energy responded to in its compliance filing by confirming and demonstrating the YEC did comply with the Board's direction in Order 2018-10. This did not change the revenue requirement.



any specific “actual mine load”, i.e., the requested information does not exist as regards this table. This information request is well beyond the scope of current outstanding issues regarding the LWRF, and it is simply not feasible to differentiate average loads by water year between customer classes for the purpose of the referenced table. Accordingly, the UCG motion relating to this question should be dismissed.

UCG-YEC-1-6 requests that YEC provide details of actual generation by source by month for 2018 and 2019 to date and to provide details on how actual water levels in 2018 and 2019 have affected actual levels of thermal generation in 2018 and 2019 to date. The response provided noted that the first compliance filing provided preliminary actuals for 2018 for total generation and for thermal generation and that the October 8, 2019 Technical Session reviewed actual results for 2018 relative to GRA forecasts and LTA hydro.

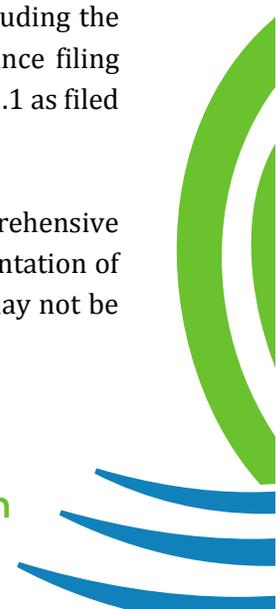
UCG argues that YEC is only putting forward a “snapshot of data relating to thermal generation and water levels that is out of date when more current data is available”. This is simply not correct – Yukon Energy has provided actual data for 2018, and 2019 data is beyond the scope of the current GRA.

In short, the only remaining issues relate to the LWRF terms and conditions and determinations for 2018, and the requested information is not relevant to these matters. Accordingly, the UCG motion relating to this question should be dismissed.

UCG-YEC-1-9 requests that YEC confirm that revenue requirement and sales/ revenues at existing rates for 2017 and 2018 represent actuals for those years or to provide an updated Table 1-1 showing actuals for 2017 and 2018.

In its response YEC noted that the Board provided its direction regarding revenue requirement and rate issues for 2017 and 2018 test years in Order 2018-10 including the extent (if any) to which actuals were to be used. Yukon Energy’s first compliance filing addressed this direction. The second compliance filing made no changes to Table 1.1 as filed in February 2019.

UCG in its motion argues that it request this information “to allow for a more comprehensive analysis of YEC’s proposed rate riders”, and that “due to the delay of the implementation of final rates, YEC will also be looking to implement a true-up rider which may or may not be prudent based on actual results to date.”



The need for a true-up rider, as well as the final Rider J, was fully addressed in YEC's first compliance filing in February 2019. The fact that a true-up rider is required to address amounts not collected in 2017, 2018 and 2019 is not in dispute. Further, actual results as now requested by UCG will not impact the prudence of the true-up rider. The UCG argument has no merit, and the UCG motion relating to this question should be dismissed by the Board.

UCG-YEC-1-12(c) requested that YEC provide an update to Table 2.1-2 starting with the actual LWRF balance in January 2018 and YEC's best estimates of the actual operations of the LWRF between 2018 and 2022.

In response its YEC noted that Table 2.1-2 was only provided as an illustrative example and was not intended to reflect forecasts for future year conditions that might reasonably be expected. YEC also noted that any estimates of actual operations for such future years would require forecasting water conditions over the period, and that YEC is not aware of any credible model for forecasting water conditions beyond 12-18 months in the future.

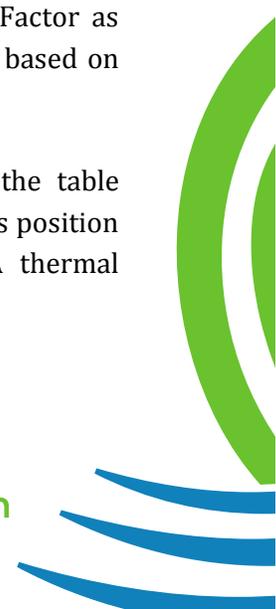
UCG's motion argues that the information requested "is absolutely relevant to YEC's 2nd compliance filing".

Yukon Energy has provided all required LWRF information for 2018. The added information requested by UCG for years beyond 2018 is not feasible to provide, and in any event is beyond the scope of this proceeding. Accordingly, the UCG motion relating to this question should be dismissed by the Board.

UCG-YEC-1-12(d) requested YEC to provide versions of Table 2.1-1 (Example LWRF Determination) that change the Fixed Change Factor of 45.2% to 38%, 40%, 43% and 50%.

In its response YEC noted that YEC has no basis to change the Fixed Change Factor as requested given that the table is intended to reflect 2018 LWRF determinations based on available information.

UCG's motion argues that it needs this information to assess sensitivity of the table calculations to the Fixed Change Factor and to develop arguments related to YEC's position that the term sheet approach is more accurate in addressing updated LTA thermal generation.



Yukon Energy's response clearly indicates that YEC has no basis to modify the Fixed Change Factor as requested by UCG for 2018 actual conditions. Aside from the fact that UCG itself can do the calculations as requested without YEC's assistance, the information being requested by UCG has no value in assessing the issues it has referenced in its motion. Accordingly, the UCG motion relating to this question should be dismissed by the Board.

UCG-YEC-1-16(b), UCG-YEC-1-17, UCG-YEC-1-18 and UCG-YEC-1-19 request actual data for 2018 for Production Costs, Transmission and Distribution Costs, General O&M Costs and Administrative Costs.

As noted in YEC's response to these questions, the Board provided its directions on revenue requirement and revenue issues for the 2017 and 2018 test years in Order 2018-10 and Order 2019-04 and Yukon Energy's 2nd Compliance Filings addressed these directions; YEC further noted that the only remaining issues relate to the LWRP - and LWRP determinations do not affect revenue requirement or revenues.

UCG's motion as regards these questions does not address the points raised in YEC's responses, and therefore fails to provide any justification for requiring this information to assist the Board on the current issues regarding the LWRP and the 2nd compliance filing. Accordingly, the motion relating to these four questions should be dismissed by the Board.

Please direct any questions on this communication to the undersigned.

Yours truly,



Ed Mollard
Chief Financial Officer

