

YUKON UTILITIES CONSUMERS' GROUP

242 Squanga Ave.

Whitehorse, Yukon Y1A 3Y6

email: rroudeau@northwestel.net

*Please note change of address as PO Box business closed

December 28, 2020

Yukon Utilities Board

Box 31728

Whitehorse, Yukon Y1A 6L3

**Re: Yukon Energy Corporation - 2017-2021 General Rates Application
UCG Registration as Intervenor
UCG Notice of Motion**

Dear Ms. Lemke and Board Members:

The Yukon Utilities Consumers' Group (UCG) would like to registers as an intervenor in the proceeding to review the 2021 General Rates Application submitted by Yukon Energy Corporation (YEC). We plan to participate in all aspects of this rate hearing.

The nature of UCG's participation in this proceeding is to protect the interests of residential and small business consumers of electricity in the Yukon. Of particular concern is the proposed 17% cumulative rate increase resulting from the forecast 50% growth in revenue requirement. As well, some of the capital requirements and borrowing costs that require YEC to come forward to the Board for higher rates are questionable.

UCG is concerned that YEC's application does not address cost of service, general rate design matters nor supply-side-management techniques that would require joint work with ATCO Electric Yukon.

UCG is particularly interested in more fully understanding when and how ratepayers will be impacted, both short and long term, by the proposed revisions to rates; the alternatives utilized by the YEC to control costs and become more efficient in their operations; and the continued reliance on expensive outside consultants, legal and contracting firms.

UCG has retained the services of Roger Rondeau as a regulatory consultant for this proceeding given his past experience in YUB proceedings including many previous general rate applications by both ATCO Electric Yukon and YEC.

UCG is at this time demonstrating what we have been disputing for years, i.e. that intervenors, utilities and the Board should rely on Yukon personnel rather than expensive outside consultants and legal advisers which drive up the costs of regulation. It is far past the time we take control of our own energy focused destiny.

Until more information is provided through the information request process, it is too early to tell whether UCG will need to submit additional evidence to be placed on the record.

Included in this intervention letter is a Notice of Motion. The motion with reasons are attached on the bottom of this page.

All communications related to this application and its review should be copied to myself (rroudeau@northwestel.net).

Regards,

Roger Rondeau

UCG Notice of Motion:

That a “prudence review” on all Capital Expenditures take place separately and before the Revenue Requirement rate hearing.

The reason why UCG is requesting this prudence review is laid out as follows:

1. If we wish to continue to use the Cost of Service Regulation in the Yukon, then we must fully assess any all monies invested in capital projects, as this rate base formulation is how our Utilities earn their profits
2. If one examines the YEC 2021 Rate Application now in front of us there are some 450 pages of information with reams of documentation.
3. This includes:
 - all the forecast costs and the rationale for operating and maintaining the corporation's existing assets, including all the electricity they produce and sell and how this is forecast, including updated mine purchase agreements.
 - Then there are the forecast capital costs, along with all their WIP, deferred costs, government grant/subsides, mine investments, etc.
 - Demand-side management with rationale and government investment;
 - Updated 10 Year Energy Plan;
 - Return on Equity rationale;
 - Allowable Cost of Debt rationale;
 - Depreciation study.;
 - 2019 Audited Financial Statement; and
 - OICs

This has become far too complex and problematic to adequately examine all the requests at one time and weigh the prudence of each part.

For capital expenditures, the ever increasing number of projects examined, multi-party involvement in all phases of each project and compressed timelines associated with these projects increase their complexity, and utilities can easily lose sight of the factors contributing to scope creep, cost overruns, schedule delays and quality control issues. The prudence of each of these phases need sufficient oversight.

Other jurisdictions have divided regulation into capital and revenue requirement reviews for many years. Even the City of Whitehorse budgets its yearly forecasts using these two separate formats.

