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July 19, 2021

Mr. Richard Buchan, Chair
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Dear Mr. Buchan and Board Members:

Re: YEC 2021 General Rate Application - Motions for Further Disclosure- UCG Reply

In correspondence dated March 29, 2021, Utilities Consumers' Group (UCG) made application for further and better Information Request (IR) responses from Yukon Energy Corporation (YEC) arguing that the information provided March 4, 2021 to specific UCG IRs was not fully responsive; and on April 23, 2021 Nathaniel Yee (NY) also filed correspondence requesting more complete responses from YEC for specific NY IRs.

The Yukon Utilities Board ("YUB" or "Board") by letter dated July 5, 2021 invited Yukon Energy to provide comments by July 12, 2021 and provided UCG and NY with the opportunity to respond to any comments by July 19, 2021.

Yukon Energy's response to the motions by UCG and NY for further disclosures was provided on July 12.

UCG submitted reasons in our Notice of Motion. We stand by these reasons and will give additional info for our reply to some of the requests. Reply in italics.

According to the YUB Rules of Practice 14(4): *"A party who is unable or unwilling to provide a full and adequate response to an information request shall:*

- a) where the party objects to providing the information requested, provide a response stating the objection and setting out the grounds for the objection, or*
- b) where the party contends that the information necessary to provide a response is not available, provide a response that sets out the reasons for the unavailability of such information and provide such alternative available information as the party considers would be of assistance to the party requesting the information.*

The Board in the past has allowed for information deemed 'confidential' as a reason for a party to not disclose certain information that could reasonably be expected to:

- (i) result in undue financial loss or gain, or
- (ii) harm significantly that party's competitive position.¹

UCG notes that neither of these reasons were given by Yukon Energy for any of the responses not to give further information to and IR.

¹ YUB Rules of Practice

UCG-YEC-1-2

The original information request quoted YUB Rules of Practice dated October 17, 2012 directing that for each IR response the party is to identify the individual or individuals who were responsible for preparing the response. UCG asked that YEC identify with each IR response the individual/s who prepared it. Yukon Energy's response was that the information requested cannot be practically or reasonably provided at an individual level.

UCG's motion submits that it is not too onerous for each individual to be identified for each response, and requested the Board enforce the Rules.

Yukon Energy Response

The level of information requested has never been required in prior YUB proceedings, notwithstanding the Rules from October 17, 2012. Yukon Energy is also not aware of any other IR process in any other jurisdiction that would require identification of specific individuals involved in the preparation of each IR response.

The nature of a given IR response will typically require a number of individuals to contribute to the response or review the response. Given the volume of IR responses that must be responded to in a proceeding, a requirement to track and report on all of these individuals for each IR would be an onerous request that would add further administrative burden to a process which is already complex and time consuming – and not provide any material assistance to the Board. Ultimately each response must be reviewed and signed off by the Chief Financial Officer who is responsible for the regulatory submission. YEC witnesses, including the CFO, in the subsequent oral proceeding must also take responsibility for responding to any questions on the IR responses provided.

In summary, YEC requests that the Board not require this information to be provided. In the event that the Board changes the current practice and requires this information for each IR response in all of its proceedings, the requirement will need to apply only on a "go-forward" basis as the record is not available on this matter for IR responses provided to date.

UCG Reply

Yukon Energy argues that because this portion of the rules of practice has never been followed before, therefore it should not be done for this process. Yukon Energy's consistently argues that "this is the way it has always been done in the Yukon".

UCG replies that if YEC does not follow rules or regulatory principles of other jurisdictions because it has never been done before in the Yukon, allowing them to follow only what suits them. If they are allowed to do this then stakeholders will also ignore rules and regulatory principles.

UCG can only speculate on why the Board included this section in the rules, but it appears to us as this is the way to keep the application honest in its costs, i.e. to prevent duplication or double dipping or costs for internal personnel who are already paid a fair wage. UCG submits YEC should follow the rules NOW.

UCG-YEC-1-5(f)

UCG requested that YEC demonstrate concrete examples as to how they reduced ongoing costs, reduced waste, and improved performance to help alleviate the short term financial stability of the company as well as to indicate going forward what they will do in developing better performance. The response referred to the

Application, Tab 3 for details on YEC operations.

UCG notes that the response does not adequately answer these questions, only provides the reasons why the YEC has had to increase all areas of expense, and requests the Board to direct Yukon Energy to give a reasonable response to this IR.

Yukon Energy Response

The question asks at a very general level for information on concrete examples of cost reductions and improved performance. In the context of this GRA, YEC has provided the relevant available information related to the question.

Tab 3 of the Application provides details on YEC operations that are relevant for the 2021 GRA forecasts and requirements. Given the circumstances and forecasts reviewed in Tab 3 for most activities and cost categories, the overall focus is on the revenue requirement increase related to operating costs that is driven by added labour resource requirements, added fuel and diesel rental costs, and other non-fuel O&M costs as described. Information is also provided in Tab 3 where relevant and available on reduced ongoing costs (e.g., relative to 2018 Approved costs this is shown for transmission and distribution expenses, and hydro production costs) and improved performance (e.g., success with YEC's brushing policy and 10 year plan as reviewed at page 3-15).

In summary, YEC submits that the response was reasonable given the imprecise nature of the question, the GRA context, and the available information.

UCG Reply

UCG replies that Yukon Energy claimed they were not reaching their "fair" rate of return for the past number of years.

If they cannot explain what they did to cut cost and reduce waste during this time frame, how can we expect them to do so for this test year period where they will receive some revenue requirement increase. Tab 3 only gives the drivers of increased revenue requirement, not how the YEC plans on improving their performance.

UCG notes that the Board asked a similar IR in YUB-1-42. Yukon Energy again gave Tab 3 as their response as well as claiming that they undergo a rigorous budget process. It is exactly this budgeting where the YEC can demonstrate savings by cutting costs and becoming more efficient. The Board and ratepayers need to know this.

UCG-YEC-1-18 (b) and (c)

UCG requested that YEC chart all the operating diesels on the integrated grid as well as each individual capacity, including both YEC and AEY. UCG submits it is relevant information that the Board and intervenors need to make an accurate determination of exactly the capacity shortfall we have on the entire grid if and when there would be an N-1 situation or excess peak load. UCG accordingly requests the Board to order YEC to reply with this information.

Yukon Energy Response

The information requested on all operating diesels on the integrated grid, as required to determine the capacity shortfall, was provided by YEC.

The response to UCG-YEC-1-18(b) referenced page 11 of 10-Year Renewable Electricity Plan provided in CW-YEC-1-36 (a) Attachment 1 for the map that shows YEC and AEY generation facilities on the grid and Appendix A for the list of YEC and AEY (YECL) generation facilities on the grid with dependable capacity information for each diesel and LNG unit.

With regard to part (c) the response noted that this information as required for the N-1 capacity criteria is also provided in Tab 2 of the Application. Section 2.4 of the Application provides the details as needed to determine the single contingency (N-1) forecast dependable capacity shortfall and the related requirement for rented diesels for the test year.

UCG Reply

UCG notes that the 10 Year Renewable Plan was never brought forward for Board approval until this process. The map identified only shows where various generation facilities are on the Yukon grid for each utility but does not identify capacity. How can we accurately tell what our energy shortfall is if we do not have the information on exactly how much capacity is on the Yukon integrated grid (including YEC and YECL)?

UCG-YEC-1-26(i)

UCG-YEC-1-26(i) asked YEC to explain how the pay grade/ scale and performance bonus for each of the YEC positions (management and non-management) "compare with other utilities in Canada". YEC responded that "YEC does not have (management and non-management) pay grade/scale and performance bonus information of other utilities in Canada to provide".

UCG's motion references Yukon Energy's response to UCG-YEC-1-24 which notes that "Yukon Energy relies on Korn Ferry, an independent contractor, for the evaluation of all jobs. Yukon Energy participates in the salary benchmarking service provided by Korn Ferry whereby our jobs are compared against the market and our peers (utilities), adjusted for our geographical location." UCG asserts in its motion that "It is obvious YEC has this information at hand and refuses to disclose. Accordingly, UCG request the Board order YEC to answer this question adequately, I.e. pay scale/wage band for each administrative and professional position, as well as the comparison to other peers as per above."

Yukon Energy Response

Korn Ferry is an independent contractor that provides job description evaluation services. "Salary benchmarking service" is not a fulsome explanation of this service. As such Yukon Energy will revise its response to UCG-YEC-1-26(i) to clarify this to include the key information outlined below.

Yukon Energy adopted an evaluation system, the Hay Plan, in the early 2000's. This is a well-established and widely used proprietary evaluation methodology now owned by Korn Ferry; and is used to help ensure consistency of treatment both within the company and across other businesses (i.e., benchmarking). The Hay Plan is a points based system that focuses on several universal factors including: know how; problem solving; accountability; and working conditions as the primary approach to evaluation.

As part of the evaluation process Korn Ferry also enters job specifics into a proprietary job evaluation model that looks at other YEC evaluations as well as global Korn Ferry job evaluations as appropriate to arrive at an

assessment. No specific benchmark compensation figures are reported to YEC and YEC does not have access to the background information used by Korn Ferry in its assessments.

In summary, Yukon Energy does not have access to the comparative information on markets and peer utilities used by Korn Ferry in its assessments. As such this information cannot be provided and UCG's motion on this matter should be denied by the Board.

UCG Reply

This response says nothing about the wage scale for each management and professional position, which they certainly have. They also know the benchmark for each of these. Yukon ratepayers need proof that we are paying similar wages to other utility corporations in Canada and or US.

UCG-YEC-1-27

UCG's motion references a sentence from page 3-9 of the Application that was also referenced in UCG-YEC-1-27, and then states:

"Yukon Energy is giving the above underlined position as to why they have had to increase their staff level, yet they fail to give a reasonable response as to why while staff levels are increasing, consultants are continually hired to manage capital works and detail planning for the company. It is also important for Yukon Energy to explain why in-house/administrative costs are always added to the costs for capital works and planning processes. Accordingly, UCG requests the Board order YEC to give adequate response to these issues."

Yukon Energy Response

As reviewed below, UCG's motion that references UCG-YEC-1-27 goes completely beyond the original IR question, and seeks to ask a set of entirely new questions.

UCG-YEC-1-27 quoted the following from page 3-9 of the Application (underlining as per original question): "At the historic staff level, employees were finding it difficult to keep pace with increased demands, more so as additional assets are added and increasing burden for planning and executing capital works".

The question then asked (underlining as per original question): "Please identify any/each consultant/ contract hiring and cost amounts for planning and executing capital works."

Yukon Energy's response was as follows: "The request is unreasonably broad. YEC is not able to provide the detailed information requested given the considerable time and effort it would take to collect and summarize this information."

With regard to the statement at page 3-9 of the Application quoted by UCG in UCG-YEC-1-27, it is noted that Yukon Energy is facing increased material capital spending requirements focused on sustaining capital requirements, investments to ensure sufficient dependable capacity for the integrated grid, and continued planning to meet other potential future generation and transmission requirements (see discussion in Tab 5, pages 5-1 to 5-4). This is a significant challenge that requires Yukon Energy to have sufficient internal resources available in house to manage the planning and execution of these major capital works.

However, planning and undertaking these types of projects also require access to external skills and expertise

that are not available in house, or that cannot practically be retained in house. In these cases, it is more practical, economic and efficient to retain outside consultants/ contractors to undertake this work. Yukon Energy may also be required to retain outside contractors where it simply does not have the resources available in house to undertake the work. Retaining outside expertise to undertake this work is not unique to YEC, and it is also normal practice for utilities such as BC Hydro and Manitoba Hydro to retain external consultants to undertake such activities.

In summary, UCG's motion on UCG-YEC-1-27 provides no challenge at all to the adequacy of the response as provided by Yukon Energy to the unreasonably broad question actually asked. Further, the UCG motion on this matter seeks to ask a set of entirely new questions. Accordingly, there is no basis for the motion on UCG-YEC-1-27 and it should therefore be denied by the Board.

UCG Reply

UCG believes it has enough information to go forward with this issue in argument.

UCG-YEC-1-30(d)

UCG-YEC-1-30(d) requested that YEC provide a chart for the approved rate base amounts for each GRA year since 1998 when YEC took over its own management. YEC's response was as follows: "The question is unclear as to what chart is being requested, as well as to any relevance to the current 2021 GRA of charting approved revenue requirements for prior years going back to 1998. Accordingly, YEC has not provided the requested information."

UCG's motion maintains that this information is very relevant for the Board and the public to see the trends of rate base activity in the past. Accordingly, UCG requests the Board order Yukon Energy to disclose this info through a yearly chart.

Yukon Energy Response

Providing the requested information for each GRA year since 1998 has no relevance for the 2021 GRA. The relevant information from the last GRA is included in the 2021 GRA Application consistent with prior applications. In addition, if UCG wants to review similar information for prior years back to 1998, this information is available from the YUB web site through review of prior YEC applications and Board decisions. Accordingly, the UCG motion on UCG-YEC-1-30(d) should be denied by the Board.

UCG Reply

UCG replies that it is not up to Yukon Energy to decide what is relevant to this GRA and to an intervener or the Board. It is the burden of the applicant to put information on record demonstrating rate base records and trends. UCG is not asking for every year since 1998, only GRA years, where this has been finalized.

UCG-YEC-1-30(h)

UCG-YEC-1-30(h), referencing Table 3.13 from the Application, asked the following question:

"Since \$11.861M 2019 increase, \$7.856 M 2020 increase, \$35.3M increase in rate base since 2018 approved, identify amounts for each year already approved. Identify where and when these were approved."

The UCG motion on UCG-YEC-1-30(h) explains the calculations for each of the referenced rate base increases for 2019 and 2020, and revises/clarifies the third increase to \$15.522 M proposed for 2021. The motion then states as follows:

“UCG requested a breakdown of each of these years rate-base additions, i.e., which projects, what costs for each year and identify any Board approval for any of these into rate base or WIP. Yukon Energy states this is too strenuous for them to locate the info requested, but if they cannot disclose this info how can they be adequately monitored/regulated to make certain all additions are prudent, without any overlaps or duplication.

Accordingly, UCG requests the Board to order YEC to disclose this information.”

Yukon Energy Response

In summary, the 2021 Application sets out, for Board review and approval to include in rates, all specific project rate base cost additions that are not already approved by the Board (i.e., all projects completed since 2018 approved). Detailed project information is included in Tab 5 and the impact on ratebase is reviewed in Tab 7.

Yukon Energy’s responded as follows to the original UCG-YEC-1-30(h) question:

“The Application focuses on changes to rate base and identifies specific capital, deferred and other rate base cost changes for review and approval. YEC is not able to respond to the question as it seeks a broad review as to all costs approved in the past that would require considerable effort to address without providing any assistance to the 2021 GRA approvals sought in this application.”

The modified question as set out in the motion confirms that UCG is seeking information on a very broad and undefined basis with regard to when/where and what rate base costs (and rate base increases?) **have been already approved by the Board**. The Board approves costs for projects that are forecast to go into service and rates in test years – it does not approve WIP costs. However, even with that clarification, the information sought by UCG is very broad and also has no relevance to the 2021 GRA.

Accordingly, the UCG motion on UCG-YEC-1-30(h) should be denied by the Board.

UCG Reply

UCG believes it has enough information to go forward with this issue in argument.

UCG-YEC-1-32

UCG’s motion on UCG-YEC-1-32 requests information on Fortis BC(Electric) (FBC), which the YEC uses as their comparator for their Risk Premium on the RoR. The motion goes on to state as follows:

“YEC writes this question off by claiming this risk premium has already been established for this test year. UCG trusts this has not yet been established and the Board needs all the information it can get for the Fortis BC comparator before it sets this Risk Premium for the test year.

Accordingly UCG requests the Board order YEC to answer all the question asked in this IR.”

Yukon Energy Response

UCG-YEC-1-32 asked detailed questions regarding the following with regard to Fortis BC (Electric): sources of borrowings, ownership; receipt of federal and provincial contributions from various programs; rate riders for fuel price changes, low water reserve fund mechanisms or other mechanisms for stabilizing rates; and comparison of YEC and Fortis BC(Electric) "gross margin" [not defined], and earnings before interest, taxes and amortization in 2019 and 2020 (note that motion's copy of sub question "f" incorrectly references YEC rather than the Fortis BC(Electric) reference in the original question).

Yukon Energy provided the following response to UCG-YEC-1-32:

"Tab 8 of the GRA Application provides information relevant to the Board's assessment of comparative ROE risk for YEC and Fortis BC (Electric). The GRA also provides detailed reporting on YEC's actual earnings in 2019 and forecast earnings in 2020, summarized as regards ROE in Table 1-1. The comparative risks of YEC and Fortis BC (Electric) (FBC) were extensively reviewed during the 2017-18 YEC GRA proceedings, with follow up questions on YEC Undertakings [YUB-YEC-3-5] providing additional detail related to FBC's power supply context and arrangements with BC Hydro and information showing that the context for FBC is very different and less risky than YEC. The power supply context for FBC was also reviewed in the 2017-18 GRA Undertaking #38 and Undertaking #39 as well as the following follow-up questions on YEC Undertakings: YUB-YEC-3-3,² YUB-YEC-3-4,³ and YUB-YEC-3-6.⁴ In summary, it has been well documented in YEC proceedings that FBC is not on an isolated grid, and is not exposed to the same thermal cost risks that YEC is exposed to given that FBC has access to renewable generation resource options available on BC's integrated grid system.

Additional information requested by UCG in this information request will not change the assessments already provided, or assist the Board in this proceeding."

In summary, contrary to UCG's motion on UCG-YEC-1-32, Yukon Energy did not "write this question off by claiming this risk premium has already been established for this test year." Yukon Energy's response set out in considerable detail the extensive information on the record to support the current Application with regard to the proposed risk premium comparisons of YEC and Fortis BC(Electric) and stated that the additional information requested by UCG in this IR will not change the assessments already provided or assist the Board in this proceeding.

Accordingly, the UCG motion on UCG-YEC-1-32 should be denied by the Board.

UCG Reply

UCG replies that Yukon Energy is again telling us what is relevant and what is not relevant. This is a new test

²Reviews the Power Purchase Expense Variance Deferral Account [PPEVDA] and clarifies that the relevant provisions continue to operate in non-test years. The response notes that the account was discontinued by Decision G-138-14, but that per the Decision, the expenses and revenues related to the PPEVDA would continue to be flowed through to ratepayers each year through the annual flow-through mechanism.

³In addressing variances due to water variability for FBC, it is necessary to understand the context of FBC's hydro power supply arrangements with BC Hydro, the BCUC-approved cost flow through mechanisms and the extent that these arrangements collectively remove risk from FBC related to water variability cost impacts.

⁴Notes that FBC is not exposed to water risks that would merit or require a specific and separate deferral or contingency account mechanism similar to the DCF. Accordingly, the absence of a specific FBC deferral account similar to the DCF is of no importance when comparing risks for FBC relative to YEC.

year and we have a new Board. It is not up to Yukon Energy to decide whether additional information requested by UCG in this information request will or will not change the assessments already provided, or assist the Board in this particular proceeding. Having deferral accounts to stabilize rates, like the Diesel Contingency Fund and Rider F, obviously lower risks for the utility. Sources of borrowings, ownership; receipt of federal and provincial contributions from various programs; rate riders for fuel price changes, low water reserve fund mechanisms or other mechanisms for stabilizing rates; and comparison of YEC and Fortis BC(Electric) "gross margin", and earnings before interest, taxes and amortization in 2019 and 2020 to compare with Yukon Energy is also very relevant to determining if a risk premium is warranted.

UCG-YEC-1-34

UCG-YEC-1-34 asked about stages a capital project undergoes from concept planning to a plant in use. Subsections "c" and "d" asked YEC to provide a table/chart for each capital project greater than \$1 million applied for in the 2021 GRA since the 2017-18 approved (i.e., the 11 projects reviewed in section 5.2 of the Application), identifying: all consultant firm/s name and cost; all contract firm name and cost; all in-house costs with reason; a total of each stage cost; all contributions amounts (government, mining, others) for each stage; any cost overruns and amounts for each stage of each project.

UCG's motion on UCG-YEC-1-34 notes that Yukon Energy states that they "track each stagegate cost", and UCG goes on to state: "then it is logical that this should be in some form of continuity schedule more clearly identifying the cost of each of these individual projects." The motion goes on as follows:

"Although the Board has asked for clarity on many issues concerning these major projects and Yukon Energy has given significant answers (i.e. YUB-1-48 providing breakdown of costs and YUB 1-49 providing a historical costs from the 2008/09, 2012/13 and 2017/18 prior GRAs), the YEC has not clearly identified its tracking of costs in an easy to digest manner.

Accordingly, UCG requests the Board direct Yukon Energy to provide continuity schedules outlining from start to finish of each project: work completed each year and what costs for each stagegate activity; contribution amounts and contributor used for each stagegate; if and when any of these stagegate activities were added to rate base; and if when any cost were previously approved by the Board.

This is absolutely necessary to accurately trace the prudence of each project cost and to ensure no repetition nor overlap of costs are being requested to be added to the rate base."

Yukon Energy Response

Yukon Energy's original response to UCG-YEC-1-34(c and d) said that the information requested (with regard to a table/chart for each major capital project) cannot be reasonably provided in the time available. The response also noted that information on project costs breakdowns is provided in a number of information requests, including the response to YUB-YEC-1-49.

The motion retains requesting all of the original IR information details in this regard, and adds some new information requests (re: when added to rate base and if any cost previously approved by the Board).

Yukon Energy continues to note that the information requested in the motion regarding UCG-YEC-1-34 cannot be reasonably provided in the time available for responding to IRs. Yukon Energy also does not see any benefit for the Board that would justify the effort required to do what is being requested, given the extensive information

already provided in the Application and responses to multiple IRs on major capital projects.

Accordingly, the UCG motion on UCG-YEC-1-34 should be denied by the Board.

UCG Reply

UCG replies that Yukon Energy should have continuity schedules for each project in their portfolio of capital projects. This would make it much easier for the regulator to review and adjudicate on. Good and easy access to accounting procedures improves credibility and trust.

UCG-YEC-1-38

UCG-YEC-1-38 requested for the Mayo to McQuesten Transmission Line (MMTL) in part (a) "that YEC identify contribution amount and contributor for each year and explain precisely what used for. (Not adequately explained in business profile)"; and in part (b) "if none of these contributions were from Alexco please explain why not."

- YEC's response to part (a) clearly identified the federal government as the source of funding and the forecast value of the funding. In keeping with past practice these contributions will be applied as an offset to asset value in order to reduce impact on rates.
- The response to part (b) notes in part that "Industrial mine connections are subject to Power Purchase Agreements (PPAs) as approved by the Board. The PPA for Alexco Resources (as well as the PPA for VGC Group) sets out when contributions are required up front from the customer to cover all costs for the installation of transmission facilities used only for each mine. No such up front contributions are required for transmission facilities (such as the Mayo-McQuesten new transmission) that also service other customers on the Yukon Integrated System."

UCG in its motion on UCG-YEC-1-38 makes a number of assertions that do not relate to the original question posed or the response provided and in effect provide an argument related to "why UCG-YEC-1-34 [i.e., the prior IR addressed in the UCG motion] should be answered for all major projects". UCG asserts in this regard that the MMTL Upgrade has been a multi-year project with various stagegate activities and government contributions "which have not been clearly identified as to which stagegate and amounts use, either in the business plan nor IR responses".

UCG further asserts as follows: "In order to easily track all of the work completed for each of these differing stagegates, contribution and contributor amounts for each stagegate, rate base additions if and when previously [sic] added (and if approved); then a proper continuity schedule outlining all of these are necessary to ensure prudence of each cost, no overlap nor repetition of costs."

UCG's motion on UCG-YEC-1-38 "...requests the Board order Yukon Energy to be transparent on this request of the MMTL Upgrade to present a continuity schedule outlining each year, the work completed for each of these differing stagegates, the costs of each, the name of contributor and contribution amounts for each stagegate activity, and identify all rate base additions previously added (and if approved)."

Yukon Energy Response

The commentary provided by UCG's motion on UCG-YEC-1-38 does not relate at all to the question posed or the adequacy of the response to the question posed. Further, the request made goes well beyond the information requested in the original question. On this basis alone, the Board should deny the UCG motion on UCG-YEC-1-38.

Yukon Energy also notes that there is no merit to the assertions made in UCG's motion. For the MMTL Upgrade, both the Application and the IR response clearly identify the contribution amounts towards the project, the source of the contribution, and explain how these are applied against total project costs in a given year to reduce the impact on rates. Accordingly, for these additional reasons, the UCG motion on this matter should be denied.

UCG Reply

UCG believes it has enough information to go forward with this issue in argument.

UCG-YEC-1-43

UCG-YEC-1-43 requested the following: "Provide all prior work done on WH4, years work completed, along with each cost for the WH4 Uprate program, that have been already been approved and placed in rate base." [sic]

The response provided noted: "In 2017, YEC performed a major overhaul on hydro unit #WH4 including replacement of both the exciter and rotor spider. This work was unrelated to the current servomotor replacement uprate project. The Hydro Unit #WH4 Overhaul was reviewed as part of the 2017/18 General Rate Application (see Tab 5, Section 5.2.1.5 of the 2017/18 GRA and Board Order 2018-10, paragraph 421)."

In its motion on UCG-YEC-1-43, UCG asserts: "This project has been ongoing for several years with some costs apparently already placed into the rate base. It is in the multi-millions of dollars and needs to be clearly outlined in a continuity schedule from start to finish. There is a need to qualify and quantify ALL transactions and work performed on Whse. #4, since commencement of various stages of refurbishment until present, in order to trace the full costs of this project to demonstrate prudence of project costs and ensure no duplication nor overlap of costs. There are also some WH4 costs not accounted to the refurbishment, which need to be identified and clarified to determine full costs of WH4."

UCG requests in this motion that "...the Board order Yukon Energy to be transparent on this request on the total Whitehorse #4 Refurbishment; to present a continuity schedule outlining each year, from conception, the work completed for each of these differing stagegates, the costs of each, and identify all rate base additions previously added (and if approved)."

Yukon Energy Response

UCG's assertions on UCG-YEC-1-43 and on the Whitehorse #4 Refurbishment are without merit – and the information requested in the motion is overly broad and goes well beyond the scope of the 2021 GRA and the information requested in the original IR. It is also noted that ratebase additions already approved are not relevant to this proceeding.

Accordingly, the UCG motion on this matter should be denied by the Board.

UCG Reply

UCG replies that it is vitally important and relevant to see the total cost of a project outlined in an easy to read continuity schedule, whether it took place in one year or has been on-going through several regulatory processes. Only then can stakeholders and the Board see if these total costs are prudent when compared to other alternatives. At some point costs for a particular project do not make economic sense.

Regards,

Roger Rondeau
UCG