

YUKON UTILITIES CONSUMERS' GROUP (UCG)

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April 26, 2021

Yukon Utilities Board

Box 31728

Whitehorse, Yukon Y1A 6L3

Attention: Deana Lemke and YUB Board Members

Re: Yukon Energy Corporation – YEC Interim Fixed Charge Adjustment and Rate Schedule 39

Dear Mr. Buchan, Chair:

The Yukon Utilities Consumers' Group (UCG) submits the following regarding the above:

1. UCG notes that although a round of IRs, through the Yukon Energy 2021 GRA process, questioned costs of the M/M Transmission Line (MMTL) and associated McQuesten Substation, these have yet to be fully tested.
2. In this application, Yukon Energy requests the Yukon Utilities Board (the "YUB", or "Board") approve an Interim Fixed Charge for electricity purchases on or after April 1, 2021 that adjusts the Rate Schedule 39 Industrial Primary ("Rate Schedule 39") Fixed Charge applicable to the VGC Group mine and the Alexco Resource Corp. ("Alexco") mine and mill.
3. UCG realizes that such a change is likely beneficial to all ratepayers, if a new interim charge is immediately set for the mines, i.e. that this increase in revenues can be rolled into the 2021 revenue requirement.
4. However, UCG submits it is imperative that a more in-depth process be set by the Board when the final costs for the MMTL and McQuesten Substation are approved in the 2021 GRA.
5. To clarify the need for a much broader scope investigation, UCG submits the fact that there is absolutely no support nor explanation of how Yukon Energy got the numbers for Table 1 and Table 2. It is therefore impossible to make any type of informed analysis.
6. The only facts we have in front of us at this time is that YEC is projecting a net rate base impact of \$8,027 million for the MMTL¹, as well as \$0.983 million for McQuesten Substation.² These numbers are not mentioned anywhere in this proposed Rate Schedule 39 Interim Adjustment.
7. The second contention UCG has is with the allocation of 85% of the MMTL, McQuesten Substation and SVC Satcom projected rate base costs to the two mines on this line.

1 Yukon Energy Corporation 2021 GRA, Tab 5. p.5.4

2 Ibid, Tab 5. p .5.4

8. UCG submits that this allocation of 85% was made in a cost-of-service/Phase II procedure in the days when the the Faro mine came on-line. It was determined that this was a fair percentage of costs on the WAF grid to power up the large Faro mine at that time.
9. Now, in the case of the MMTL and other transmission infrastructure on this particular line, it can be argued that this allocation is not appropriate for the conditions existing on these transmission facilities. Although UCG requested in an interrogatory on the 2021 Yukon Energy GRA, a breakdown of the usage of all the ratepayers on this line, i.e. Mayo to Keno (not including the town of Mayo), Yukon Energy stated they do not have this information.
10. Although the utility has not been transparent with their information, all Yukoners including the Board members, know that there are only a handful of other types of ratepayers, besides the two industrial operating mines, on this line.
11. Without the data, for which only the YEC has, one can only assume that the proper allocation for these two mines would be some where in the neighborhood of 98 to 99%, to be generous to the mines.
12. Third, the fact that the mines are short term customers must also be taken into account when determining this allocation of costs. Other ratepayers will be paying for these costs long after the mines are gone, until the facilities are taken off the books.
13. UCG submits the Board has the authority and the jurisdiction to study the facts presented to them and make an informed decision, as such. The Yukon Utilities Board is also mandated to be certain that Yukon Energy is adhering to the government (OIC) "to make certain the mines are covering all their costs for providing the service to them."
14. Accordingly, UCG submits that in order for the Board to make an appropriate informed adjudication on the Final Adjusted Rate Schedule 39 Fixed Charge Calculation, all the information has to be debated and considered.
15. UCG also would like to note that each time we see a limited scope process, this to us means a "rubber stamp" process.

Conclusion

14. Accordingly, UCG submits that this interim industrial rate schedule is acceptable to us, for the interim, with the caveat that the Board commits to a future process with interrogatories and written argument to determine a sufficient/accurate industrial rate schedule. As well, as how to set aside any income/revenues recovered from this schedule in each year/s after when a new schedule is approved and there may not be any GRA activity to allocate into the revenue requirement, to ensure ratepayers continue to benefit from this .

If there are any questions concerning the contents of this submission, please direct all inquiries to me by email at rrondeau@northwestel.net or by phone at 633-5210.

PS Please set aside/dismiss the previous UCG Notice of Motion regarding the "limited scope" issue.

Regards,

Roger Rondeau
for Yukon Utilities Consumers' Group

cc all parties