

September 24, 2021

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

Dear Mr. Buchan:

**Re: Yukon Energy 2021 General Rate Application – Interim Rate Filing**

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In November 2020, Yukon Energy filed its 2021 General Rate Application (Application) to address necessary adjustments to Yukon Energy's approved revenue requirement and other matters through implementation of an adjusted Rider J rate rider.

The Application included proposed timing for rate increases to coincide with the reduction or expiration of existing rate riders, in order to enable a rate adjustment for the 2021 test year without any material change to Yukon ratepayer bills. The proposed approach included a 10.08 percentage point interim rate Rider J increase and a 15.01 percentage point final Rider J increase (i.e., a 4.93 percentage point increase over the interim Rider J increase) as well as any time limited true-up Rider J1 required concurrent with the final Rider J implementation:

1. **Interim 2021 GRA Rates:** Interim rate increases proposed to occur concurrent with expected reduction of Rider F as at July 1, 2021 in order to yield no material change in customer bills.

The proposed 10.08% adjustment to Rider J effective July 1, 2021 was approved by the Board in Order 2021-08; Rider F was reduced to zero at the same time.

2. **Final 2021 GRA Rates:** Yukon Energy proposed that the proceeding work to ensure that final 2021 GRA rates (the 15.01 percentage point final Rider J increase) are effective no later than December 1, 2021 in order that final estimated increases of 19.85 percentage points (including an estimated 4.84% true-up Rider J1 requirement for recovery over 24 months<sup>1</sup>) are timed concurrent with required removal of the 2017-18 GRA true-up Rider J1 of 9.25% at the end of November 2021.

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<sup>1</sup> Please see page 4-10 of Tab 4 of the Application. The interim refundable Rider J increase was implemented effective July 1, 2021 targeting about 2/3 of the required rate increase in the GRA. A December 1, 2021 true-up required for the variances between final rates and interim rates as well as to collect revenue shortfall for the period when there were no interim rates [i.e., January 1 to June 30, 2021] was estimated at 4.84% assuming a 24 month period for implementation.

Board Order 2021-11 has established a hearing schedule for the 2021 GRA, with an oral hearing set for September 27-29 and October 1, and written argument and reply scheduled for October 12 and October 19 respectively. With the schedule outlined in Order 2021-11 it is unlikely that a decision regarding the 2021 GRA and final rates will be available by November 1, as required for the proposed December 1, 2021 rate changes to be timed concurrent with removal of the current 2017/18 GRA true-up Rider J1.

In light of this, Yukon Energy is seeking approval of an additional interim refundable Rider J increase of 9.25 percentage points effective December 1, 2021, i.e., an increase that equals the expiry of the current Rider J1 true-up rider from the 2017-18 GRA approved compliance filing, and that therefore meets the rate strategy as described to reduce bill volatility. The resulting total interim refundable Rider J of 19.33 percentage points (10.08% approved effective July 1, 2021 plus 9.25% proposed effective December 1, 2021) is slightly less than the GRA estimated Rider J plus Rider J1 (true-up) requirements of 19.85 percentage points.

YEC acknowledges this is an unconventional approach in this jurisdiction. This rate approval is interim and refundable. It is proposed to prevent bill volatility while final 2021 rates are being determined by the Board and it takes into account that these final rates will include a new true-up rider that affects customer bills. The Board retains the full authority to vary the rate increase and any differences between the interim rate approved and final rates will be "trued up" through the Rider J1 – GRA true-up rider.

If you have any questions regarding the above, please call.

Yours truly,



Ed Mollard  
Chief Financial Officer