

July 12, 2021

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

Dear Mr. Buchan:

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

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 is provided below.

It is also noted that in reviewing UCG's motion for further information related to UCG-YEC-1-26 – Yukon Energy determined that the original responses to part (h) and part (i) could be elaborated upon or clarified. Due to staff vacation timing, Yukon Energy is unable to provide an updated response at this time, but intends to provide a revised version of these responses within the next week.

1. Yukon Energy Response to UCG Motion for Further Information

Yukon Energy reviews below each of the specific IR responses where UCG is requesting further information. Where possible, and relevant, Yukon Energy has attempted to clarify its responses, including elaborating on instances where requested additional information is not available, not practical to provide, beyond what was originally requested, or where the request is simply too imprecise or extensive.

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-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-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-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-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-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-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-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-3-3,¹ YUB-YEC-3-4,² and YUB-YEC-3-6.³ 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-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.

¹ Reviews 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.

² In 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.

³ Notes 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.

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-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-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.

2. Yukon Energy Response to NY Motion for Further Information

Yukon Energy reviews below each of the specific IR responses where NY is requesting further information. Where possible, and relevant, Yukon Energy has attempted to clarify its responses, including elaborating on instances where requested additional information is not available, not practical to provide, beyond what was originally requested, or where the request is simply too imprecise or extensive.

NY-YEC-1-7

The original request was for YEC to provide modifications that have been made to the Faro diesel plant since the 2014 YESAB assessment, and to provide the details and dates of any and all changes/ modifications to the Faro plant.

NY asserts in the motion that “YEC fails to list the 7 rental generators”, and requests that a correction or clarification be provided.

Yukon Energy Response

The IR requested that YEC provide “modifications have been made to the Faro diesel plant since the 2014 YESAB assessment.” The Faro rental diesels are not YEC assets and are not part of Faro plant ratebase.

The infrastructure required for the diesel rental units is reviewed in detail in Section 5.2.1.2 of the Application [N-1 Capacity Shortage Faro Thermal Rental Site Infrastructure].

NY-YEC-1-6

The original request was to provide the stacking order for all thermal generation, YEC owned and rentals for each site and for the integrated system.

NY notes in the motion that in the stacking order provided, YEC lists all 7 Faro rental diesels, and the installed FD1 and FD7 generators, and that this adds up to 18.4 MW, while the most recent

(2014/Current) YESAB shows only FD1 and FD7 for 8.15 MW. NY requests clarification regarding how all the Faro capacity noted can be in the stacking order.

Yukon Energy Response

For clarification it is noted that the Faro rental units are at the Faro site and are included in the formal stacking order; however, YEC can only run up to 10.6 MW of generation at Faro at any one time under its existing permits.

NY-YEC-1-8(a) Attachment 1

NY notes that in the information request YEC was asked to provide any and all correspondence with regulators regarding the rental diesels, and notes the earliest document provided is a response to YEC, "so clearly not all correspondence was included". NY requests that YEC provide complete correspondence as requested, including attachments referenced in emails.

Yukon Energy Response

The correspondence provided as NY-YEC-1-8(a) Attachment 1 is the complete correspondence. YEC will typically provide a verbal update to regulators prior to providing a formal submission in order to confirm any requirements. The email dated September 23, 2020 from Elizabeth Barker to Travis Ritchie likely followed a verbal update provided by Mr. Ritchie to Ms. Barker regarding the then forthcoming diesel permit amendment.

NY-YEC-1-8(c)(a) Attachment 2

The information request was to provide YESAB assessment documentation relating to the rental generators. NY notes that YEC provided Record of Determination of Significant Change document for amendments to the Air Emission Permit for Whitehorse Rapids Generating Station, WRGS and requests this information for Faro Generating Station, FGS.

Yukon Energy Response

There is not a Record of Determination of Significant Change document available for the Faro diesel plant at this time.

Please see the correspondence attached to YEC-NY-1-8(a) where the regulator determined a change to the existing permit was not required and YEC had the authorization to reinstall previously located/derated capacity of up to 10.6 MW at the Faro plant: "We have determined that the information provided in YEC's previous Faro station YESAA assessments (2008-0230 and 2011-0246) is still valid for the proposed 2020 amendment of reinstalling capacity of approximately 5.65MW at the Faro generating station. YEC has authorization to reinstall previously relocated/de-

rated capacity of up to 10.6 MW, cumulative station capacity, without proceeding through the YESAA assessment process.”

YEC is in the process of completing its assessment in order to submit a Project Proposal to YESAB for the addition of up to 4.9 MW of additional capacity at the Faro Plant. After that assessment is complete and a Decision Document is issued YEC would then seek a permit amendment from the regulator to allow a facility operating/ generation capacity cap of 15.5. MW.

NY-YEC-1-8(d)

The information request was to provide “compliance documents, decision documents and permits” for the addition of the rental generators.

NY notes that it asked for compliance documents, decision documents and permits for the rental diesels, and YEC has replied that there are none, while the incomplete email chain provided in NY-YEC-1-8 (a) includes an “Application for approval to install previously relocated and derated generating capacity” from YEC. NY requests clarification regarding whether there is a document approving (or denying) the application; and an explanation regarding why it was not provided.

Yukon Energy Response

Please see NY-YEC-1-8(a) Attachment 1, page 1 wherein the regulator notes as follows [emphasis added]:

We have determined that the information provided in YEC’s previous Faro station YESAA assessments (2008-0230 and 2011-0246) is still valid for the proposed 2020 amendment of reinstalling capacity of approximately 5.65MW at the Faro generating station. YEC has authorization to reinstall previously relocated/de-rated capacity of up to 10.6MW, cumulative station capacity, without proceeding through the YESAA assessment process. As discussed, any additional capacity increase that will bring the Faro station’s cumulative capacity above 10.6MW will need to proceed through the YESAA assessment process before being considered. As this amendment doesn’t change the content of your current Air Emissions Permit 60-010, we will not be issuing an amended permit and you may continue to use permit 60-010 as is.

As noted in the IR response, rental diesels at Faro currently can be operated up to an operating cap of 10.6 MW and no YESAA assessment is required for that purpose as the previous YESAA assessment of the facility and the associated Decision Documents allow for this operational cap at the site under YEC’s existing air emissions permit. The regulator confirmed that it would not be issuing an amended permit.

YEC is in the process of completing its assessment in order to submit a Project Proposal to YESAB for the addition of up to 4.9 MW of additional capacity at the Faro Plant. After that assessment is complete and a Decision Document is issued YEC would then seek a permit amendment from the regulator to allow a facility operating/ generation capacity cap of 15.5. MW.

NY-YEC-1-9

The question asked whether YEC has support of the Ross River Dena Council for the modifications to the plant and to provide documentation of any consultation and interaction with the RRDC concerning the Faro plant.

NY's motion on this IR notes that the reply "does not document any specific interaction or specific attempts at interaction with RRDC, and therefore does not satisfy the request". NY requests that YEC "provide dates and specifics of all interaction or attempted interaction with RRDC."

Yukon Energy Response

The request was to provide documentation of any consultation and interaction with RRDC concerning the Faro plant.

The response provided noted that YEC had "contacted representatives of the Dena Nezzidi Limited Partnership (designate for the Ross River Dena Council) at least nine times by email and phone to share information about the Faro rental diesel project and procurement opportunities, and to request a meeting with Ross River Dena Council to discuss the project", and "As of February 9, 2021, representatives of the Dena Nezzidi Limited Partnership have not provided Yukon Energy with a date and time for the requested meeting with Ross River Dena Council to discuss the specific Faro rental diesel project and YESAA project proposal."

The response also noted that a Dena Nezzidi Limited Partnership representative attended Yukon Energy's December 2, 2020 public information meeting. Copies of the presentation and a summary of the discussion was provided to them following the meeting.

In summary, Yukon Energy's response to NY-YEC-1-9 was fully responsive to the question posed.

NY-YEC-1-10(b) and (c)

NY requested that YEC provide the project description that will be used for the upcoming YESAB assessment for the Faro site, and to explain the business case for applying for the air permit after the installation of infrastructure and the renting of the generators.

In its motion on this question NY states that the most recent YESAB (2014) which was used for the 2014-2024 permit lists FD1 and FD7, totaling 8.5MW, and requests: "Is there any valid documentation of approval of 10.6MW limit. Please provide".

Yukon Energy Response

NY-YEC-1-8(a) Attachment 1 provides email correspondence from the Department of Environment to Travis Ritchie dated October 13, 2020, and notes as follows:

We have determined that the information provided in YEC's previous Faro station YESAA assessments (2008-0230 and 2011-0246) is still valid for the proposed 2020 amendment of reinstalling capacity of approximately 5.65MW at the Faro generating station. YEC has authorization to reinstall previously relocated/de-rated capacity of up to 10.6MW, cumulative station capacity, without proceeding through the YESAA assessment process. As discussed, any additional capacity increase that will bring the Faro station's cumulative capacity above 10.6MW will need to proceed through the YESAA assessment process before being considered.

As this amendment doesn't change the content of your current Air Emissions Permit 60-010, we will not be issuing an amended permit and you may continue to use permit 60-010 as is.

The above fully responds to the NY motion on NY-YEC-1-10.

NY-YEC-1-10(f)

NY-YEC-1-10(f) requests that YEC discuss how "this approach relates to social license for stakeholders (RRDC and Faro residents). It is assumed the question is referencing to part (e) which asks YEC to discuss the risks and potential financial impacts of building a project before applying for a required YESAB assessment.

NY asserts in the motion on this IR that the response provided does not address social license for RRDC or Faro, which was the question.

Yukon Energy Response

The question was responded to fully by YEC.

YEC's response to part (e) noted that the risks were deemed to be minimal and tolerable when compared to the very serious health, safety and numerous other relevant implications of not being

able to meet customer demand for electricity in the case of an emergency in the cold and darkness of winter in Yukon.

The response to (f) noted that Yukon Energy takes its responsibility to provide safe, reliable and affordable and environmental responsible electricity very seriously, and “in the context of operational requirements driving the emerging need for the Project and the consequences of not being in a position to meet that need in an emergency it was determined that interested and potentially affected governments, and communities would best served by YEC advancing project planning,” and “on balance, it was assessed that reasonable societal expectations of the Corporation would be met by such an approach given the circumstances and the low likelihood of potentially significant adverse effects of such actions.”

NY-YEC-1-13(a)

NY asserts that the study provided in response to this IR is not the one requested, noting that the request was “for the study referenced by Travis Ritchie of YEC on 2-Dec, 2020 in the meeting with community”.

NY asserts that the study provided is dated more than two months after the meeting, so could not have been the one that was cited, and that it does not address “all the rentals” vs the “permanent generators” as stated by Travis Ritchie. NY requests clarification on whether the report exists, and for YEC to provide the sound study that YEC referenced in the public meeting.

Yukon Energy Response

There is no separate study or report regarding T. Ritchie’s referenced comment on December 2, 2020.

The referenced comment by T. Ritchie on December 2, 2020 was to an assessment that was then being undertaken. The results of the assessment were formalized in the final study document provided as Attachment 1 to NY-YEC-1-13(a). This is the study referenced on December 2, 2020.

NY-YEC-1-13(c)

The original question requested the most recent air quality assessment and dispersion study for the Faro site, and to explain how this will be affected by the addition of the rentals.

NY notes in the motion on this IR that YEC was asked to explain/discuss how the rentals would affect the air dispersion modelling; and asserts that the document provided uses the installed generators and 3 rentals as a baseline, and discusses the effect of adding three more rentals, and does not answer the original request.

Yukon Energy Response

The information request was to provide the most recent air quality assessment and dispersion study. This was provided in Attachment 1 to NY-YEC-1- 13(c) (dated December 17, 2020).

The study provided assessed two scenarios:

1. Existing Permitted Emission Capacity Scenario (10.6 MW) (10.6 MW is the current permitted capacity for the Faro site).
2. Future Expanded Emission Capacity Scenario (16 MW) (including consideration of the additional capacity over the 10.6 MW that is currently permitted).⁴

NY's subsequent request noted in the motion above is for a separate assessment of FD1 and FD7 compared to the additional capacity up to 10.6 MW. This separate assessment was not undertaken or included in the attached study – the focus of the study was on the two scenarios noted above. In response to the motion, YEC can note that the use of new and more efficient diesel rental units to supply generation up to the current 10.6 MW limit would result in less emissions than use of older and less efficient diesel generation units.

NY-YEC-1-2(c)

NY-YEC-1-2(c) requested peak loads by month (non-industrial and integrated system separately), approved, actual and forecast for 2017 to 2021.

NY notes in its motion on this IR that YEC's response was that this data is not forecast by month. NY requests that YEC provide the other data requested even if the forecast is not available.

Yukon Energy Response

Peak loads are recorded as the maximum load experienced in each winter (not by month). The original IR response cross-referenced to CW-YEC-1-1(a) which provides forecast and actual non-industrial and the industrial peaks for 2018/19 to 2021/22 winters.

⁴ The air quality assessment contained within the report is based on an expanded facility capacity of 16 MW, however, Yukon Energy will only be applying for a permit amendment for up to 15.5 MW of capacity. As such the assessment conclusions regarding air quality impacts included in the report are more conservative than what will be implemented in practice.



#2 Miles Canyon Road
Box 5920, Whitehorse
Yukon Y1A 6S7
yukonenergy.ca

If you have any questions regarding the above please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Ed Mollard", is written over a light blue horizontal line.

Ed Mollard
Chief Financial Officer

