Yukon Energy Corporation
2025-2027 General Rate Application

Yukon Utilities Board (Board)
Information Requests (IRs) Round 1 to
Yukon Energy Corporation (YEC)

YUB-YEC-1-001
Reference: **YEC 2025-2027 Application, PDF page 20**
Issue: **Yukon Energy Challenges**
Quote: Increasing pressure on the electricity system stemming from population growth, increased use of electricity by homes and businesses, and the connection of distributed energy sources across the territory. (emphasis added)
Preamble: The Board seeks clarification on the above statements.
Request:

(a) Please explain the significance of distributed energy sources.

(b) What impact do distributed energy sources have on the electric system and what pressure do these sources put on the electrical system?

(c) On PDF page 18, YEC stated it served approximately 12 percent of Yukon customers.[1] Are these the distributed energy sources putting pressure on the electricity system?

(d) If YEC is including Yukon customers served by AEY, how does that impact YEC as AEY is responsible for the planning of the electricity system for its customers?

(e) Are the distributed energy sources referred to IPPs and micro-generation suppliers? If so, is there currently a pause on such distributed energy sources? Please explain.

YUB-YEC-1-002
Reference: **YEC 2025-2027 Application, PDF page 20**
Issue: **Yukon Energy Challenges**
Quote: A power system with generating stations that require renewed permits and authorizations at a time when regulatory processes are becoming more complex and costly.
Request:

(a) Please explain how the permitting process for new projects and the relicensing of existing facilities is longer (from the start of the process to final approval), more complex and costly? Please reference the permits and authorizations being referenced.

(b) Has YEC looked at an alternative to deferring and amortizing those costs when the process is complete, that is expensing those costs as incurred?

[1] 2700/23,000 = 11.7 per cent.

(c) Is there a customer benefit to expensing those costs versus incurring annual Allowance for Funds Used (AFU) charges on the deferred costs?

(d) What analysis has YEC conducted in this regard?

YUB-YEC-1-003
Reference: **YEC 2025-2027 Application, PDF page 20**
Issue: **Yukon Energy Challenges**
Quote: Increased competition for government funding and grants
Preamble: The Board seeks clarification on the above statement

(a) What government funding and grants have impacted the revenue requirement in this GRA?

(b) What funding was available in previous GRAs that is not available for this GRA?

YUB-YEC-1-004
Reference: **YEC 2025-2027 Application, PDF page 22**
Request:

(a) What does YEC mean by "reducing socio-economic impacts of existing power production"?

(b) How does YEC plan to reduce those socio-economic impacts?

YUB-YEC-1-005
Reference: **YEC 2025-2027 Application, PDF page 23, lines 11-15.**
Issue: **Yukon Energy's Short-Term Action Plan**
Quote: Battery energy Storage System
Preamble: Additional explanation is needed.
Request:
Does the conclusion regarding the number of rented diesels required for 2035 take into account the commissioning of the BESS project? Please explain.

YUB-YEC-1-006
Reference: **YEC 2025-2027 Application, PDF page 23, Footnote 3**
Issue: **Yukon Energy's Short-Term Action Plan**
Quote: Does not include rental diesels and IPPs.
Preamble: Additional explanation is needed.
Request:

(a) Please explain why the capacity of the Yukon's main electricity system does not include rental diesels.

(b) Please explain why IPPs are excluded.

YUB-YEC-1-007

Reference: **YEC 2025-2027 Application, PDF page 23, Footnote 4**

Issue: **Yukon Energy's Short-Term Action Plan**

Quote: Adjustments reflect impact of lower winter water levels, downstream flow restrictions required to prevent flooding, and Forced Outage Rate reductions for effective load carrying capacity. (emphasis added)

Preamble: The Board seeks clarification on the above statement.

Request:

(a) Please explain why dependable capacity for winter 2027/28 is adjusted for forced outage rate reductions for effective load carrying capacity.

(b) Would the Forced Outage Rate reductions apply in summer? Please explain.

YUB-YEC-1-008

Reference: **YEC 2025-2027 Application, PDF pages 4 and 23**

Issue: **Diesel rentals/growth in demand**

Quote: During the Winter of 2024/2025, Yukon Energy rented 22 diesel units (nearly 40 megawatts) to fill the power gap and located those units in Whitehorse, Faro and Mayo. Based on current forecasts, without any new dependable generation, by 2035 Yukon Energy will need double the number of rented diesel units during the winter to meet peak demands for power and protect against prolonged outages during an emergency.

Preamble: Further explanation is needed

Request:

(a) If YEC is forecasting a shortfall of rented diesel units by 2035, isn't this a long-term problem? Please explain.

(b) If YEC is forecasting the rental of diesel units by 2035, should a permanent solution be found and applied? Please explain.

(c) PDF page 4 of the application states that by 2035 demand is forecast to increase by 50 percent relative to the demand in 2020. What is the increase in demand for 2025 relative to 2020?

(d) Given the projected increase in demand to 2030, does the distribution infrastructure exist to meet the expected growth in demand? If the infrastructure does not exist, does this affect the accuracy of the forecast? Please explain. Isit realistic that the infrastructure can be developed and implemented for 2030? Please explain.

YUB-YEC-1-009

Reference: **YEC 2025-2027 Application, PDF page 23**

Issue: **Growing demand for electricity**

Quote: Distribution networks will need to be expanded and modernized to efficiently distribute and re-distribute power.

Preamble: The Board seeks clarification of the above statement.

Request:

Please explain what is meant by "re-distribute" power.

YUB-YEC-1-010

Reference: **YEC 2025-2027 Application, PDF pages 31 and 193**

Issue: **Government Grant Funding**

Quote: PDF page 31:

Yukon Energy has sought $50 million in federal grant funding through NRCan's Smart Renewables and Electrification Pathways Program's (SREPs') Utility Support Stream (USS) to offset the cost of a portion of its capital investments between 2025-2027.

…

Yukon Energy is also supporting Yukon Development Corporation's funding request from the SREP Critical Regional Priorities Stream, as well as funding specifically related to the Mayo Rock Slope Remediation and Surge Chamber projects.

PDF page 193:

As Yukon Energy has no certainty regarding capital grant funding at this time, potential impacts of receiving funding that would offset Revenue Requirement have not been included in the GRA. Depending on the amount and timing of capital funding, it could have a significant impact on Yukon Energy's return. Yukon Energy will update the Board of the status of these funding applications throughout this regulatory process as information becomes available.

Preamble: The Board seeks clarification of the above statements.

Request:

(a) What is YEC's success rate for submitting applications for approval for funding? For successful applications, what is the general time lapse from submission of application to approval of the application?

(b) For the SREP application, please provide a breakdown of the proposed grant dollars by GRA test year for the projects YEC has applied for or intends to apply for.

(c) What is YEC's best estimate of dates when it expects a decision to be made on SREP funding for each of the projects applied for?

(d) Does YEC's current GRA include in its forecast federal grant funding (to both Yukon Development Corporation (YDC) and YEC))? Please explain.

(e) If the current GRA does not include in its forecast federal grant funding, how does YEC plan to account for such if federal grant funding is approved. If approval occurs after the completion of the GRA process, how will this impact approved rates?

(f) YEC has stated that "If successful, contributions provided would partially offset total costs for specified projects." If federal grant funding occurs after the close of record for this proceeding, how does YEC plan to prevent double dipping (collection of project costs through rates and receipt of federal grants for the same projects)?

(g) Regarding YDC and SREP, what dollar amount is YEC requesting?

(h) If YDC is successful, will all federal grant dollars flow to YEC? Please explain.

(i) What is the expecting timing from submission of the YDC application to the issuance of a decision regarding the grant funding?

(j) Please provide the amounts for the proposed YDC funding for SREP for each of the YEC 2025-2027 test years.

(k) At PDF page 193 of the application, YEC identifies funding it is pursuing from federal and territorial sources to reduce costs to ratepayers. Please provide an update to the programs identified as the SREP Utility Stream; SREP Critical Regional Priorities Stream; NRCan, and any other programs not previously identified but relevant to the 2025-2027 test years as of the date of the response to this IR.

(l) Please confirm that the capital projects described in the application are not dependent on the confirmation of the receipt of funds from the above noted grant programs or other sources of contributed funds. If this cannot be confirmed, please identify any projects which depend on the receipt of grants or other forms of contributed funding. For any projects so identified, please briefly explain how the completion the project would be impacted by a determination that grants, or other contributed funding, will not be provided at expected levels.

YUB-YEC-1-011
Reference: **YEC 2025-2027 Application, PDF page 35**
Issue: **Increasing the Supply of Dependable Winter Capacity**
Preamble: Impact of the BESS Project.
Request:
What is the impact of the Bess Project contribution of $16.5 million? When does that factor into the rate base?

YUB-YEC-1-012

Reference: **YEC 2025-2027 Application, PDF pages 35 and 36**

Issue: **First Nation Partnerships/resource requirements**

Quote: Like other businesses in the Yukon, Yukon Energy is not immune to external pressures such as inflation, increased labour costs, and supply chain delays and constraints experienced in recent years. Additional resources are also required to direct, plan, execute and oversee the way Yukon Energy responds to today's challenges. (PDF page 35)

As a public utility, we strive to fulfill commitments as outlined in Chapter 22 of the Umbrella Final Agreement including economic development, employment, procurement and investment, amongst others. (PDF page 36)

Request:

(a) Please explain what commitments YEC is referring to in relation to its application, and what is the potential impact on its revenue requirement, if any?

(b) Are there any other obligations arising from other chapters of the Final Agreements that YEC is appropriately fulfilling?

(c) How does YEC plan to fill its resource requirements (staff or via contractors)? Please explain.

YUB-YEC-1-013

Reference: **YEC 2025-2027 Application, PDF page 32**

Issue: **Other Regulatory Issues**

Quote: Aside from the need to address revenue requirement shortfalls at existing rates, the current Application does not identify other regulatory issues that need to be addressed concurrently with the Application.

Preamble: The Board requests further information.

Request:

(a) What other regulatory issues does YEC need to concurrently address with this Application?

(b) How does YEC propose to account for the costs of the regulatory issues it proposes to address concurrently with this Application?

YUB-YEC-1-014
Reference: AEY-YEC Terms and Conditions of Service Application
Issue: Effect of AEY-YEC Terms and Conditions of Service Application
Preamble: AEY-YEC 2025 Terms and Conditions of Service Application was submitted December 30, 2024, and is currently before the Yukon Utilities Board.
Request:
(a) Please explain how, if at all, YEC has taken into account the referenced 2025 Terms and Conditions of Service Application within the current GRA and its 2025-2027 forecast revenue requirement.

YUB-YEC-1-015
Reference: YEC 2025-2027 Application, PDF pages 36-37
Issue: Yukon Energy Rates and Bills
Request:
At PDF pages 36 and 37, YEC states that the Yukon Government provides for a Winter Electrical Affordability Rebate (formerly, the Interim Electric Rebate) to residential non-government customers. Please provide further details with respect to this program including a description of the requirements to qualify as a "residential non-government" customer.

YUB-YEC-1-016
Reference: YEC 2025-2027 Application, PDF page 39
Issue: Sales and Generation Forecast
Quote: The preliminary actual firm sales to non-industrial customers in 2024 was 433.5 GWh, about 8.2 GWh higher than the approved load forecast and an increase of 28.8 GWh over 2023 actuals primarily due to higher wholesales.
Preamble: Final 2024 results of actual firm sales to non-industrial customers.
Request:
Please update tables 2.1, and 2.2 with final and actual numbers. Please provide in both PDF and Excel formats (Excel with formulae intact).

YUB-YEC-1-017

Reference: **YEC 2025-2027 Application, PDF page 40, Footnotes 2 and 3**

Issue: **Industrial sales**

Quote: Footnote 2: 2023 actual sales included sales to Minto Mine as an industrial customer for January-May 2023. After May 2023, the sales to Minto reflect the load for care and maintenance under the general service class.

Footnote 3: The grid power deliveries to VG [Victoria Gold] were resumed in September 2024, however, lower than the previous consumption levels as remediation work continued at the mine site. In August 2024, based on the Yukon Government's request, a receivership was appointed by the court to oversee the remediation of the heap leach failure and its environmental impacts.

Request:

(a) For both 2023 and 2024, for Minto, please provide relative to approved forecast what was the decrease in industrial sales and what was the increase in general service sales.

(b) For VG, starting in August 2024, were the sales to the court appointed receiver treated as industrial sales? Please explain. Does VG still qualify as an industrial customer? Please explain.

(c) For VG, in 2024 what was the actual load compared to the approved forecast load?

(d) Minto was recently sold to Selkirk FN. Will this impact the forecast sales to Minto? Please explain.

YUB-YEC-1-018

Reference: **YEC 2025-2027 Application, PDF page 40**

Issue: **Total firm generation load**

Quote: The forecast total firm generation load for the 2025 test year is 517.7 GWh, about 0.7% lower than 2024 preliminary actuals, for the 2026 test year is 527.4 GWh, about a 1.9% increase over 2025 forecast, and for the 2027 test year is 537.3 GWh, about a 1.9% increase over 2026 forecast.

Request:

Please explain, at a high level, why the forecast firm generation load growth is expected to be the same (1.9 per cent) for both 2026 and 2027.

YUB-YEC-1-019

Reference: **YEC 2025-2027 Application, PDF page 40**

Issue: **Non-firm secondary sales**

Quote: The actual secondary sales in 2023 were 2.2 GWh and preliminary actual secondary sales for 2024 were 3.7 GWh. For the 2025-2027 test years, the secondary sales forecast is 2.9 GWh for each test year, at the same level as in the 2023/24 GRA and the average of 2023 and 2024 actual secondary sales.

Request:

Please provide further information regarding the reasons for using the same forecast level for non-firm secondary sales for each test year as was used in the 2023-2024 GRA by YEC.

YUB-YEC-1-020

Reference: **YEC 2025-2027 Application, PDF page 41**

Issue: **IPP renewal generation**

Quote: IPP renewable generation at LTA is forecast at 3.4% of forecast grid generation in 2025, 3.4% in 2026 and 3.3% in 2027.

Preamble: The Board seeks clarification on the above IPP renewable generation at LTA forecast for the test years.

Request:

(a) When did IPP renewal generation first become available to YEC?

(b) Does the answer to part (a) qualify as LTA? If so, relate this LTA definition to the rationale for YEC's proposal for the fuel mix (LNG:Diesel) in Tab 3.2 of the Application.

(c) Please explain why LTA IPP renewal generation does not grow from 2025 to 2026 and why it decreases from 2026 to 2027.

YUB-YEC-1-021

Reference: **YEC 2025-2027 Application, PDF page 42**

Issue: **Wholesale Sales to AEY**

Quote: Accordingly, for the 2025, 2026 and 2027 test years, Yukon Energy used the forecast provided by AEY. Firm wholesales for 2025 are forecast in Table 2.1 at 373.7 GWh, which is 1.2 GWh (or 0.3%) lower than 2024 preliminary actual, and 25.9 GWh (or 7.5%) higher than 2023 actuals as 2024 was impacted by colder than normal weather conditions. Firm wholesales for 2026 are forecast at 381.9 GWh which is 8.3 GWh (or 2.2%) higher than the 2025 forecast; firm wholesales for 2027 are forecast at 390.4 GWh which is 8.5 GWh (or 2.2%) higher than the 2026 forecast.

Preamble: The Board seeks clarification on the AEY forecast.

Request:

(a) Does YEC know if the wholesale sales forecast received from AEY is a forecast for AEY budgeting purposes or is it determined for the Application test years?

(b) How has YEC ascertained the correctness of the forecast provided by AEY?

YUB-YEC-1-022
Reference: **YEC 2025-2027 Application, PDF page 43**
Issue: **Major Industrial Sales**
Quote: For the purpose of this GRA, 21.0 GWh/year sales forecast for each 2025, 2026 and 2027 test years. (footnote removed)
Request:

(a) Please provide the actual sales for VG for the first six months of 2025.

(b) Are there any aberrations in 2025 that would affect the monthly average of those six months? Please explain.

(c) At this time, does YEC have any newer information that may affect the VG sales forecast for 2026 and 2027? Please explain.

YUB-YEC-1-023
Reference: **YEC 2025-2027 Application, PDF pages 44-45**
Issue: **Yukon Energy Firm Retail Sales**
Quote: Retail sales are forecast at 59.3 GWh for the 2025 test year, 59.9 GWh for the 2026 test year and 60.6 GWh for the 2027 test year compared to actual sales of 57.0 GWh in 2023 and preliminary actual sales of 58.7 GWh in 2024.
Preamble: The Board seeks further information.
Request:

(a) Please explain and provide further details by rate class on how YEC developed its firm retail sales forecast.

(b) Did YEC look at anything else other than the Yukon Bureau of Statistics to inform its firm residential sales forecast? Please explain.

(c) Did YEC undertake any direct consultations with its General Service customers to inform its firm general service sales forecast? Please explain.

(d) Please provide the actual sales for firm lighting sales for the first six months of 2025.

(e) Are there any aberrations in 2025 that would affect the monthly average firm lighting sales of those six months? Please explain.

(f) Did YEC consult with any communities regarding increased lights for the three-year forecast period? Please explain.

YUB-YEC-1-024

Reference: **YEC 2025-2027 Application, PDF page 46**

Issue: **Secondary sales**

Quote: The actual secondary sales in 2023 were at 2.2 GWh compared to forecast sales of 2.9 GWh, and the preliminary actual sales for 2024 are 3.7 GWh compared to forecast sales of 2.9 GWh. For the 2025-27 test years, the secondary sales forecast is at 2.9 GWh for each test year which is the same as approved in the 2023/24 GRA and also equal to the average of 2023 and 2024 actual sales.

Preamble: The Board seeks further information.

Request:

(a) Did YEC review any generation modelling (for example, new renewables coming online) to ascertain whether there are any opportunities for increased secondary sales in the forecast? Please explain.

(b) Will the availability of the BESS project in any way influence secondary sales forecast? Please explain.

YUB-YEC-1-025

Reference: **YEC 2025-2027 Application, PDF page 46**

Issue: **Line Losses**

Quote: The line losses are calculated at the Yukon Energy grid load level as the variance between metered generation and sales. The 2023/24 GRA approved forecast losses were 8.8%. Actual losses were 8.7% in 2023 and preliminary actual losses in 2024 were also at 8.7%. The losses are forecast at 8.8% for the 2025-2027 test years which is the same as the approved losses in 2023/24 GRA and at the level of average for 2022-2024 actuals at 8.8% [2022 at 9.0%, 2023 and 2024 at 8.7%].

Preamble: The Board seeks further information.

Request:

(a) Does YEC employ newer technologies and has YEC undertaken projects with the goal of reducing line losses? Please explain.

(b) Please provide the final line loss percentage for 2024.

(c) If the 2024 final actual line loss percentage did not change from the 2024 preliminary actual, and the response to part (a) is affirmative, then would the average of 2023 and 2024 provide a better predictor for line loss for the three test years? Please explain.

YUB-YEC-1-026

Reference: **YEC 2025-2027 Application, PDF page 48, Footnote 12**

Issue: **Power Generation, renewables (non-hydro)**

Quote: These IPP generation forecasts assume the currently connected seven IPPs, five solar IPPs and two wind IPPs. The IPP supply forecast is based on the LTA contract amounts signed with the IPPs. No other IPPs are expected to be connected to the grid during the test years.

Request:

(a) Please explain why actual IPP purchase for 2024 were significantly less that forecast.

(b) With respect to footnote 12, what is the financial impact to YEC if an IPP does not supply based on LTA? Does YEC pay the LTA amount to the IPP?

(c) For micro-generators, should production from micro-generators be treated as an offset to sales, or more precisely as a net sales figure? Please explain.

(d) Please provide details on the IPP forecast by individual IPP, and the historical output by individual IPP.

YUB-YEC-1-027

Reference: **YEC 2025-2027 Application, PDF page 49**

Issue: **Water Year Records**

Quote: All remaining inputs are the same as in the 2023/24 GRA, including the number of water year records [41 water years], license conditions and flow restrictions.

Request:

Please explain why the number of water year records has not changed since the last GRA.

YUB-YEC-1-028

Reference: **YEC 2025-2027 Application, PDF page 49**

Issue: **Fuel Mix (LNG versus Diesel)**

Quote: It is assumed in the Application that 80% of LTA thermal generation requirements as forecast for the test years will be met by LNG, with the balance (20%) supplied by diesel generation.

Preamble: The Board requires further information.

Request:

(a) What is the actual historical average for fuel mix (LNG:Diesel)?

(b) If YEC was ordered by the Board to use the actual historical average for fuel mix, please explain the impact of such a direction in terms of what is impacted and the magnitude of that impact?

(c) Is YEC forecasting any unique events in the GRA test years that can affect the availability of either of the LNG or diesel units? Please explain.

YUB-YEC-1-029

Reference: **YEC 2025-2027 Application, PDF page 49**

Issue: **Thermal Generation Unit Operations**

Quote: In addition to the thermal generation forecast to supply required firm loads, Yukon Energy is including in its forecast expenses in this Application (see Tab 3) forecast thermal unit operation for maintenance when there is no firm generation load that requires thermal generation. These requirements exist separate from the LTA thermal requirements as estimated above and in Table 2.2. To ensure proper maintenance and reliability, the diesel and LNG units need to be run at certain times solely for maintenance purposes, especially during the summer months.

Request:

Please explain how summer thermal operations described above affect the determination of amounts for the LWRF.

YUB-YEC-1-030

Reference: **YEC 2025-2027 Application, PDF page 50**

Issue: **Peak Demand Forecast**

Quote: Yukon Energy continues to communicate with relevant stakeholders in order to ensure the load forecasts are based on currently available information.

...

The peak forecasts were developed using an econometric model that considers wide-range projections [i.e., other stakeholder inputs].

Preamble: The Board seek further information.

Request:

(a) Please list the relevant stakeholders alluded to in the first quote. Please provide the criteria that makes those stakeholders relevant.

(b) For the second quote please list and describe the other stakeholder inputs, and the impact those inputs had in developing the peak demand forecast.

YUB-YEC-1-031

Reference: **YEC 2025-2027 Application, PDF page 51, footnote 15**

Issue: **Loss of Load Expectation (LOLE)**

Quote: However, the Board in its report to the Yukon government on the 2006 Resource Plan recommended that "to ensure that no new generating capacity is added for the purpose of ensuring reliable supply to major industrial customers and to ensure consistency with the N-1 criterion, major industrial loads should not be included in the LOLE calculation." Although the 2011 and 2016 updates to the resource plan also assumed industrial load in the LOLE, consistent with the initial assessments, to date, the LOLE criterion has not been the driving factor in the capacity shortfall calculations, therefore, the issue of inclusion or exclusion of the industrial load was never raised.

Request:

Please explain what is meant by, "the LOLE criterion has not been the driving factor in the capacity shortfall calculations; therefore, the issue of inclusion or exclusion of the industrial load was never raised." Does this mean that YEC is applying an LOLE criterion that is not authorized in the Board's 2006 recommendation?

YUB-YEC-1-032

Reference: **YEC 2025-2027 Application, PDF page 53**

Issue: **Effective Load carrying Capacity, Diesel Rentals, Forced Outage Rates (FOR)**

Quote: ELCC for thermal units - A FOR of 10% is conservatively assumed for all AEY diesel units connected to the YIS. For diesel rental units, a FOR of 15% has been assumed to reflect reliability experience with those units.

Request:

(a) How was the AEY thermal units FOR derived and determined?

(b) For rental diesel units the FOR is higher. Given this higher FOR, why hasn't YEC created a plan to replace all rental units with its own thermal generating units?

YUB-YEC-1-033

Reference: **YEC 2025-2027 Application, PDF page 60. Footnotes 3**

Issue: **Expected Thermal Generation**

Quote: The model calculates expected hydro plant generation for each load scenario. It incorporates, on a weekly time step, 41 "water years" on record (1981-2021) and 20 "load years" (each examines a different hypothetical scenario to evaluate generation under different sequences of the recorded water years), of which 13 load years (load years 7-19) are used for the final averaging (this removes results distorted by starting or ending year volumes). "Hydro Generation" is long-term average hydro generation as estimated by YECSIM.

Request:

(a) Why does the model not include water years 2022-2024? Please explain.

(b) Regarding the 20 load years, are these real loads or hypothetical loads for testing purposes? Please explain.

(c) If applicable, do the load years match the water years? Please explain.

YUB-YEC-1-034

Reference: **YEC 2025-2027 Application, PDF page 59**

Issue: **Fish Lake Hydro**

Quote: The forecast LTA thermal generations are 63.857 GWh for 2025, 70.926 GWh for 2026 and 78.405 GWh for 2027 based on Table 2.1-1 developed to determine annual expected YEC thermal generation based on long-term average YEC hydro generation at YEC forecast grid loads (net of IPPs and Fish Lake generation) ranging from 480 to 580 GW.h/year.

Preamble: The Board seeks further information.

Request:

(a) Please provide the amount of forecast Fish Lake Hydro generation for each of the test years.

(b) How did YEC determine the forecast Fish Lake Hydro production for each of the test years?

(c) Do the IPPs referenced above pertain only to IPPs directly connected to the YEC system? Please explain.

(d) Later in the paragraph, YEC states, “One table was developed for all three test years considering no change in the IPP deliveries and similar load shape.” How valid is this assumption? Please explain.

YUB-YEC-1-035
Reference: YEC 2025-2027 Application, PDF pages 64-65 and Table 3.2
Issue: Fuel and Purchased Power
Preamble: Actual 2023 and 2024 fuel costs are significantly lower than approved 2023 and 2024 fuel costs. Similar for 2024 purchased power costs.
Request:
(a) Please explain why 2023 and 2024 fuel costs are less than forecast.

(b) Please explain why 2024 purchased power costs are less than forecast.

(c) Please provide a revised Table 3.2 with final 2024 actual values.

(d) In Section 3.2.1 Fuel costs, the last sentence of the first paragraph states: "The proposed test year fuel costs also include requirements for thermal facility fuel use for maintenance." In prior GRAs, was thermal facility fuel use for maintenance included in forecast fuel costs? Please explain.

(e) In Section 3.2.1 Fuel costs, the last sentence of the second paragraph states: "The fuel cost for forecast long-term average thermal generation is $16.8 million in 2025, $18.7 million in 2026 and $20.6 million in 2027 before considering forecast fuel costs for thermal maintenance activities." The first paragraph states fuel maintenance costs are included in the forecast. The second paragraph states the costs as described are before fuel maintenance costs. Which is the correct statement? Please explain.

(f) On PDF page 65 YEC states: "For maintenance activities, the forecast diesel is 0.021 GWh/year and LNG is 0.017 GWh/year for total cost of $0.011 million/year compared to $0.061 million in the 2023/24 GRA." Please explain why fuel costs for maintenance activities have decreased for the current test years relative to the previous test years of 2023 and 2024.

(g) Relative to part (e), Please explain the reduction in MW.h for diesel run-ups 2025-2027 test years versus 2023-2024 approved.

(h) Similarly to the above question, please explain the increase in MW.h for LNG run-ups 2025-2027 test years versus 2023-2024 approved.

YUB-YEC-1-036
Reference: YEC 2025-2027 Application, PDF page 66
Issue: LNG supply
Quote: Direct negotiations with one LNG supplier were initiated because of the evolving LNG supply landscape, recognizing limited competition and supply constraints in the region.
Request:
(a) What is the term of the Cryopeak Energy Solutions LNG Supply Agreement that was effective December 1, 2024?

(b) For the previous LNG supply agreement, where was the source of the supply (geographic region)?

YUB-YEC-1-037
Reference: YEC 2025-2027 Application, PDF page 69
Issue: O&M Labour – Labour escalators
Quote:

> **3.3.1 Labour**
>
> Total labour expenditure is made up of labour expense for maintenance and administration and capitalized labour. Capitalized labour is charged to capital projects rather than O&M expenses. It becomes part of revenue requirement through annual depreciation charges incurred after in-service of the related project. Maintenance and administration labour expense is charged directly to revenue requirement. Total maintenance and administration labour expense is forecast to be $18.0 million in 2025 as compared to 2024 approved costs of $16.1 million, increasing to $19.5 million in 2026, and $20.6 million in 2027.
>
> Labour expense is generally a function of the following factors:
>
> - **Labour Rates** – This includes factors such as base pay, benefit cost, and annual increments (performance increments, cost of living adjustments). This is heavily influenced by collective bargaining agreements (CBA). The current CBA expires December 31, 2025. Labour rates for 2025 are based on the current CBA. Negotiations for the CBA effective January 1, 2026 are expected to start in Q4 of 2025. Forecast 2026 and 2027 labour rates are estimated to reflect an inflationary increase of 2.00%. It is estimated that the new agreement will be finalized in late 2025 or early 2026.
> - **Head Count** – This relates to the number of full time equivalent (FTE) positions. The Yukon Energy employee complement is shown in Table 3.4.

Request:

(a) Please provide the labour escalation being applied to YEC's out-of-scope employees for each of 2025-2027 test years and explain how this per cent was determined and why it is relevant in the circumstances of the current application.

(b) Please provide details with respect to the Yukon government wage rate adjustments for the years 2025-2027 and whether it is relevant in the circumstances of the current application.

(c) For each year identified, please calculate an average cost per employee on an: approved basis for 2023-2024; actual basis for 2023-2024; and forecast basis for 2025-2027. What factors does YEC attribute to any variances noted for each year (actuals 2023, 2024, approved 2023, 2024 and forecast 2025, 2026, 2027) between the numbers being calculated in its response to this IR.

(d) With respect to non-labour O&M and capital costs, has YEC used any type of escalation or inflation factor for forecasting purposes? Please provide the per cent factor incorporated in YEC's 2025-2027 revenue requirement and explain how the escalation or inflation factor was determined.

YUB-YEC-1-038
Reference: YEC 2025-2027 Application, PDF page 70
Issue: O&M Labour - Vacancy rate
Quote:

Table 3.4:
Employee Complement History

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
President & Corporate Services	3.10	3.10	3.34	3.29	3.10	3.10	4.10
Government Relations	1.00	2.00	1.00	-	-	-	-
Business Development	1.00	1.00	1.00	-	-	-	-
Communications & Customer Service	3.60	3.60	4.60	-	-	-	-
People & Culture	2.00	2.00	2.00	-	-	-	-
Partnerships & Business Services	-	-	-	15.05	15.25	16.50	18.00
Resource Planning, Environment, Health & Safety	10.60	11.13	11.10	11.98	12.60	14.85	14.85
Finance & Procurement	19.29	20.29	19.41	13.79	13.79	14.79	14.79
Operations	51.96	53.20	51.46	55.10	59.95	63.60	64.45
Engineering Services	20.50	23.50	19.75	24.25	24.25	27.00	28.25
Total FTE's	**113.05**	**119.81**	**113.66**	**123.46**	**128.94**	**139.84**	**144.44**
Vacancy	9.00	9.00	12.32	7.99	9.00	9.00	9.00
Total FTE's less Vacancy	104.05	110.81	101.34	115.47	119.94	130.84	135.44

Note:
1. The employee complement numbers are net of allocation to YDC.
2. In 2024, the positions under Government Relations, Business Development, Communications & Customer Service, People & Culture and IT were transferred to Partnerships & Business Services. Please see Table 3.4.1 for details.

Request:
(a) Please provide the final actual 2024 employee complement and vacancy rate.

(b) Please provide the 5-year average vacancy rate based on actual information for 2020-2024.

(c) Please provide actual vacancy rates for 2025 on a monthly basis for January to July.

(d) Comparing the forecast total employee complement for 2025 of 128.94 with the same information for 2024, as provided in response to part (a), how many of the incremental positions have been filled as of the date of the response to this IR?

YUB-YEC-1-039
Reference: YEC 2025-2027 Application, PDF page 73
Issue: Labour – Capital to Maintenance allocation
Quote:

> The 2024 approved revenue requirement forecasts included an allocation set at 17.9% capital and 82.1% maintenance. The 2024 actual results were 19.2% capital and 80.8% maintenance. For the 2025 test year the forecast allocation is 21.1% capital and 78.9% maintenance, for the 2026 test year the forecast allocation is 21.7% capital and 78.3% maintenance, and for the 2027 test year the forecast allocation is 21.7% capital and 78.3% maintenance. The ratio is based on Yukon Energy's best estimates for each employee's time to perform their job based on corporate goals and expectations and an overall increase in capital projects volumes.

Request:
(a) Please calculate the 5-year average capital to maintenance labour allocation based on actual information for 2020-2024.

(b) Please explain any variance between the calculation provided in response to part (a) and YEC's proposed capital to maintenance allocations for 2025-2027 as provided in the above quote.

YUB-YEC-1-040

Reference: **YEC 2025-2027 Application, PDF pages 73-76**

Issue: **O&M – Production**

Quote: **"**Approximately 77% of the forecast increase in 2025 over 2024 approved for production costs is due to higher labour cost [$1.477 million increase in 2025 forecast over 2024 approved]. Approximately 74% of the forecast increase in 2027 over 2024 approved for production costs is due to higher labour cost [$2.413 million increase in 2027 forecast over 2024 approved]."

...

"**Public education** – Yukon Energy continues to educate Yukoners on ways they can reduce their electricity use, particularly in the winter months. This has included regular posts on Yukon Energy's Facebook page and information on the Yukon Energy website. Yukon Energy has also been promoting its Peak Smart program, as well as demand-shifting practices such as using the delay start function on appliances or using a block heater timer for vehicles, through social media, traditional media and in-person events."

Preamble: It is not clear whether YEC's reference to "higher labour cost" is indicating that the higher labour costs are the result of higher wages, or more than forecast labour hours, or some other factor leading to "higher labour cost."

Request:

(a) Please provide information addressing the lack of clarity with respect to YEC's assertion of "higher labour cost."

(b) Please confirm that the "Public education" program identified as Peak Smart is outside of YEC's DSM program as a specific O&M cost related to production rather than the DSM program "Peak Smart" identified by YEC in its 2023-2024 GRA as a capital project.[2]

(c) What is the total of approved and actual costs related to YEC's DSM Peak Smart program that YEC has received as of December 31, 2024?

(d) Regardless of whether YEC's assertion is that its Peak Smart program is outside of the parameters of its DSM program, please explain why YEC's Public Education cost as detailed in the quote above should be within the costs of the Production function as

[2] YEC 2023-2024 GRA, Attachment 5.2A-2.1 Demand Side Management Program Design for YEC, PDF pages 279-284.

opposed to, for example, the communication category of costs within YEC's Administration function.

YUB-YEC-1-041
Reference: YEC 2025-2027 Application, PDF pages 77-82
Issue: O&M – Brushing costs for Transmission and Distribution
Quote:

Table 3.6
Transmission and Distribution Costs
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Labour	$ 1,407	$ 1,430	$ 996	$ 1,567	$ 1,374	$ 1,480	$ 1,515
Brushing Cost	1,339	1,339	1,339	1,339	1,398	1,695	1,255
Other Non-Labour	722	498	641	834	643	656	669
Total T&D	$ 3,468	$ 3,267	$ 2,976	$ 3,740	$ 3,415	$ 3,831	$ 3,438

Table 3.6.1
Brushing Costs
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Transmission Brushing	$ 1,305	$ 1,131	$ 1,305	$ 1,305	$ 1,208	$ 1,502	$ 1,056
Distribution Brushing	34	208	34	280	190	193	199
% Transmission	97%	85%	97%	82%	86%	89%	84%
% Distribution	3%	15%	3%	18%	14%	11%	16%
Total Brushing Expense	$ 1,339	$ 1,339	$ 1,339	$ 1,585	$ 1,398	$ 1,695	$ 1,255

Table 3.7.1
Transmission Costs
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Labour	$ 656	$ 666	$ 343	$ 637	$ 565	$ 639	$ 648
Brushing Cost	1,305	1,131	1,305	1,305	1,208	1,502	1,056
Other Non-Labour	480	279	283	223	407	414	425
Total Transmission	$ 2,441	$ 2,077	$ 1,931	$ 2,165	$ 2,180	$ 2,555	$ 2,128

Table 3.7.2
Distribution Costs
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Labour	$ 751	$ 764	$ 653	$ 930	$ 808	$ 841	$ 867
Brushing Cost	34	208	34	34	190	193	199
Other Non-Labour	242	219	358	611	236	242	244
Total Distribution	$ 1,027	$ 1,190	$ 1,045	$ 1,575	$ 1,235	$ 1,276	$ 1,310

Request:

(a) Please confirm the combined Transmission and Distribution brushing costs for Preliminary Actual 2024 are the amount of $1.339 million as shown on Table 3.6, notwithstanding that the equivalent combined Transmission and Distribution brushing costs as shown on Table 3.6.1 for Preliminary Actual 2024 indicates an amount $1.585 million.

YUB-YEC-1-042
Reference: YEC 2025-2027 Application, PDF pages 82-83
Issue: O&M – General Operating and Maintenance
Quote:

> Maintenance of Company Owned Properties is expected to remain relatively stable from 2023 approved, increasing on an average annual compound basis by approximately 1.7% through 2027. Actual costs in 2023 were exceptionally high for several reasons, including major staff housing maintenance costs and significant Whitehorse office building plumbing repairs.

Request:

(a) Please identify the activities being performed in relation to the maintenance of Company Owned Properties.

(b) Please provide further details explaining the "major staff housing maintenance costs" attributed to the increase for 2023-2024 actual costs compared to approved costs.

(c) Why are maintenance costs forecast to decrease for the 2025-2027 test period as compared to actual 2023-2024 results?

(d) With respect to SCADA Communication costs, please explain the lower 2023-2024 actual costs compared to 2023-2024 approved costs.

(e) What justification can YEC provide for the 2025-2027 forecasts SCADA Communication costs given the significantly lower actual 2023-2024 costs as compared to 2023-2024 approved costs?

YUB-YEC-1-043
Reference: YEC 2025-2027 Application, PDF pages 83-88
Issue: O&M – Administration
Quote:

Table 3.9:
Administration
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Labour	$ 7,634	$ 8,311	$ 7,879	$ 8,397	$ 8,740	$ 9,590	$ 10,240
Resource Planning	108	108	71	60	59	60	62
Communications	175	175	170	170	221	225	230
Customer Accounting	423	356	337	287	332	338	345
Environmental Mgmt	361	361	667	899	953	972	991
General	852	834	898	1,031	945	964	983
Information Systems	1,491	1,441	1,369	1,495	1,715	1,750	1,785
Fish Hatchery	222	222	241	267	270	275	281
Safety	207	207	209	227	235	239	244
Training	150	150	120	112	168	171	175
Recruitment	439	457	486	405	514	512	573
Board of Directors	419	311	440	410	372	380	387
Union	121	91	74	91	96	110	61
Regulatory Affairs	8	11	14	2	4	4	4
Material Management	23	23	36	44	27	28	28
Contracting	58	18	42	55	39	40	40
Professional Development	15	15	6	0	15	15	16
Capital Projects Studies	0	0	0	0	1,000	1,000	1,000
Total Administration	$ 12,705	$ 13,092	$ 13,060	$ 13,951	$ 15,705	$ 16,674	$ 17,446

Request:

(a) For the following cost categories, please provide additional detail explaining why actual 2023-2024 costs are lower than the costs approved for the same period: Resource Planning, Customer Accounting, Training and Professional Development.

(b) Respecting the statement "Administration expenses are forecast to be lower in 2027 from 2024 approved in…" noted on PDF page 86 at lines 11-15, please provide further detail why this is the case for the following cost categories: Resource Planning, Customer Accounting, Union and Regulatory Affairs.

(c) With respect to Board of Directors costs as noted on PDF page 86 at lines 7-10, please explain why the statement that "Board spending in a particular year is dependent on strategic issues at the time" appears to imply that strategy is a fluid activity rather than something that is systematically planned and executed such that costs are predictable. As part of this response, for 2023-2024 actual costs and 2025-2027 forecast costs, please provide an allocation of Board of Directors expenses for: 1) routine activities such as monthly meetings; and 2) expenses related to activities such as "spending … on strategic issues at the time."

YUB-YEC-1-044

Reference: **YEC 2025-2027 Application, PDF page 88**

Issue: **Criteria for Capitalization and other policies and procedures**

Quote: Yukon Energy performed a comprehensive review of its capitalization policies and has developed a new policy based on extensive research of International Financial Reporting Standards (IFRS) and industry guidance. Effective January 1, 2025, Yukon Energy has implemented the policy FX-001 Criteria for Capitalization. A copy of this policy has been provided in Appendix 5.3. In summary, this policy complies with IFRS standards and requires expensing of costs that do not meet the capitalization criteria. As a result, the category of Feasibility Studies will cease to exist in the future as no new projects will be capitalized as costs will no longer meet the capitalization criteria. Feasibility studies continue to be included in this GRA for completion of studies already included as part of previous GRA until those projects are completed and fully amortized.

Request:

Please identify by name and year of capitalization, all projects that are "… included in this GRA for completion of studies already included as part of previous GRA…"

YUB-YEC-1-045

Reference: **YEC 2025-2027 Application, PDF pages 86-88**

Issue: **O&M Administration – Capital Project Studies (Feasibility Studies proposed to be expensed)**

Quote: The change in the accounting treatment does not change the need for Yukon Energy to perform these studies. Based on industry guidance, Yukon Energy created a Capital Projects Studies budget to fund projects in the early stages and do not meet the capitalization criteria....

...

Yukon Energy is proposing a revenue requirement cost of $1.000 million for each test year. This treatment will be beneficial to ratepayers as it is less than historic feasibility study spending and eliminates AFUDC on these projects.

Projects that Yukon Energy is considering under this category include the following:

- Grid modernization strategy research, studies and pilots;
- Wareham spillway concrete assessment;
- ERP replacement research;
- Development or requirements for a drafting drawing management system;
- Southern Lakes groundwater study;
- Dam safety audit;
- T&D emergency parts and stocking study;
- WDO P126 Whitehorse diesel plant renewal study;
- Thermal and permitting studies;
- S251 StatCom retuning study;
- Hazardous building materials assessment;
- T9 transformer critical spare business case study;
- Dawson diesel plant lifecycle study;
- Aishihik elevator moisture reduction assessment;
- WD0 units voltage mis-regulation study;
- Mayo diesel transformer foundation study;
- Marwell flood prevention design;
- Phone system replacement study
- MCC inspection, condition assessment renewal option analysis;
- Communications data/OT/SCADA/IT link strategy and plan;
- Turbine welding standards;
- Pressure vessel certification program;
- Aishihik fiber link install and connect study;
- PLT energized services development;
- Asset appraisals;
- Skagway shoreside power study.

Preamble: It is not clear to the Board why certain of the potential "projects" identified above would not or should not be encompassed within the applied-for labour component of YEC's operating or administrative functions to which the project activity appears to relate.

Request:

(a) For example, please explain why the "phone system replacement study" would not be conducted as part of the normal duties within a typical administrative function and thus included in administration labour as opposed to YEC requesting to collect additional O&M costs through what it purports is a stand-alone study.

(b) Referring to the question posed in part (a), please respond in a similar manner for the following:

i. ERP replacement research;

ii. Development or requirements for a drafting drawing management system;

iii. T&D emergency parts and stocking study;

iv. Turbine welding standards.

(c) For all other projects not identified in part (a) or part (b), what is the criteria that YEC has relied on to determine that additional O&M costs are required as opposed to being encompassed within the normal operating or administrative functions to which the activity relates.

(d) For all projects listed in the quote, please identify those "projects" that would have a direct impact on the development and construction of a capital asset that meets YEC's capitalization criteria.

(e) From all projects listed in the quote, please identify those "projects" that require the use of personnel other than YEC staff.

(f) From all projects listed in the quote, please identify those "projects" that have been previously applied for (prior to 2025), otherwise confirm all "projects" in the list are new to the current GRA.

YUB-YEC-1-046

Reference: **YEC 2025-2027 Application, PDF page 88;**
Board Order 2024-05 Appendix A Errata, PDF page 82

Issue: **Criteria for Capitalization and other policies and procedures**

Quote: Board Order 2024-05 Appendix A Errata identified several policies or procedures documents related to various aspects of YEC's capitalization processes:

> "• Finance Policy, FA-016 whose purpose was to "to define the accounting policy for costs incurred in relation to planning activities."

> • Finance Account Practice, FX-005 whose purpose was to "provide guidelines for capitalization and amortization of study costs."
>
> • Finance Account Practice, FX-008 whose purpose was to "provide guidelines for intangible assets…"
>
> • Finance Accounting Practice, FX-Appendix, whose purpose was to "provide detailed definitions for various Property, Plant and Equipment (PP&E) terminologies."
>
> • Finance Accounting Practice, FX-004 on the topic of AFUDC."[3]
> (footnotes omitted)

Request:

(a) Please clarify if policy FX-001 Criteria for Capitalization is a newly created, or an updated version of any existing documents identified in the quote. If so, what existing document does FX-001 Criteria for Capitalization replace?

(b) Please identify if, as a result to the proposed creation or update of policy FX-001 Criteria for Capitalization, any of the documents identified in the quote required modification, or if any additional documents have been required to be drafted.

(c) If modifications (or the creation of documents) were required to any document identified in part (b), in order to align with the FX-001 Criteria for Capitalization document, please provide an updated document in both blackline and clean version formats.

(d) Please confirm that all documents <u>not</u> identified in part (c) remain relevant from an operational perspective.

YUB-YEC-1-047

Reference: **YEC 2025-2027 Application, PDF pages 89-91**

Issue: **O&M - Insurance Costs**

Preamble: YEC completed a public tender process for insurance broker services to confirm that ratepayers are receiving the best value for money from this annual expense.

Request:

(a) How many responses were received with respect to YEC's public tender process for insurance broker services?

(b) How were the criteria to determine "best value for money" from the annual insurance expense applied in the case of the new broker Marsh? For example, if there was a cost savings component, what were the savings in comparison to the lowest, next lowest and highest cost insurance quotes compared to the value received with Marsh?

[3] Board Order 2024-05 Appendix A Errata, PDF page 82.

(c) Please identify all property insurance claims of YEC in the last 10 years and the related deductible amount paid by YEC. Would these claims have had any bearing on the cost or availability of YEC's property insurance coverage including the deductible portion?

(d) Has the deductible portion of the property insurance policy changed from the amount last identified by YEC of $1 million?[4] If so, please provide further details.

YUB-YEC-1-048
Reference: YEC 2025-2027 Application, PDF pages 91-92
Issue: Annual amortization of Reserve for Injuries and Damages (RFID)
Quote:

As part of the 2021 GRA, the Board approved amortization of the 2020 negative balance over a 10-year period ($0.205 million per year) and an annual appropriation of $0.411 million per year to total annual appropriation of $0.616 million. No changes were made during the 2023/24 GRA.

...

Table 3.11.1 below shows that the RFID balance owing from customers at the end of 2024 was $5.086 million, reflecting higher recent costs.

Table 3.11.1:
RFID Continuity Schedule
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Opening Balance	-$3,343	-$3,281	-$3,343	-$3,282	-$5,086	-$4,577	-$4,069
Annual Appropriation	616	616	616	616	1,063	1,063	1,063
Net Annual Costs	-554	-682	-555	-2,420	-554	-554	-554
Closing Balance	-$3,281	-$3,347	-$3,282	-$5,086	-$4,577	-$4,069	-$3,560

Consistent with calculations in previous GRA's, Yukon Energy is proposing the opening RFID balance (of $5.086 million at the end of 2024) be amortized over a period of ten years (or $0.509 million per year).

The proposed total annual appropriation for the test years is $1.063 million, calculated as the base appropriation of $0.554 million plus $0.509 million reflecting amortization of the opening balance.

Request:

(a) Please confirm that the portion of the previous total annual appropriation of $0.616 million pertaining to the amortization of the 2020 negative balance of $2.050 million (or $0.205 million per year for 10 years) has been replaced with an amortization of the 2024 negative balance of $5.086 million (or $0.509 million per year for 10 years) before taking into account, the annual base amortization of $0.554 million per year.

(b) Please explain if the approach to "reset" the amortization of a previous year ending balance consistent with the approach YEC has taken with respect to all other of its

[4] YEC 2023-2024 GRA, Combined all party responses, YUB-YEC-1-53(c), PDF page 425: "In 2021, YEC increased the deductible on our property policy from $500k to $1M which 20 resulted in premium savings of $175k."

deferral and reserve accounts? If so, please provide reasons for the differing approaches to amortizing YEC's deferral and reserve accounts.

YUB-YEC-1-049

Reference: **YEC 2025-2027 Application, PDF pages 92-93**

Issue: **Property Taxes**

Quote: Property taxes are forecast to decrease $0.006 million in 2025 from 2024 approved, increase by $0.019 million in 2026 and increase by $0.016 million in 2027 due to rate increases and valuation updates. Actual property taxes decreased in 2025 due to lower-than-expected rate increases and valuation updates. Forecast property taxes in 2025 are based on invoiced cost for the period January 1, 2025 through June 30, 2025, increasing by 3% from July 1, 2025 through June 30, 2026, increasing by 2% July 1, 2026 through June 30, 2027, and increasing by 2% on July 1, 2027.

Request:

(a) Please provide reasons for the lower-than-expected valuation updates.

(b) Please explain why lower-than-expected rate increases and valuation updates are not anticipated over the 2025-2027 test years.

YUB-YEC-1-050

Reference: **YEC 2025-2027 Application, PDF page 95;**
Tab 3 Schedules, Schedule 3.13 Depreciation and Amortization

Issue: **Depreciation Expense, Amortization of Contributions and Lewes River Boat Lock Insurance proceeds**

Quote:

3.4.2 Contributions

As a component of net depreciation costs, the revenue requirement includes substantial credits related to amortization of contributions (customer contributions and contributions from Yukon Development Corporation, Yukon government and Federal Government). This offset has changed from $5.679 million in 2024 approved to $5.933 million forecast in 2025, $6.358 million forecast in 2026, and $6.684 million forecast in 2027.

3.4.3 Amortization of Lewes River Boat Lock Insurance Gain

As identified in the 2023/24 GRA, Yukon Energy incurred damages and costs to the Lewes River Boat Lock due to the largest recorded flooding event along the Yukon River in 2021. Forecast costs in work-in-progress at the end of 2024 were $15.514 million. However, this project has been put on hold. Costs relating to the project are summarized in this Application in Section 5.2.2. Further description of the project is shown in Appendix 5.1B.

Also included in the work-in-progress balance at the end of 2024 in the 2023/24 GRA was forecast contributions of $4.520 million, representing the forecast insurance gain on the boat lock. Yukon Energy intended on keeping this amount in work-in-progress until the Boat Lock was repaired and then planned to request it be amortized on a similar basis to the new boat lock. However, as this project has been put on hold and has an unknown future, Yukon Energy is requesting the gain of $4.520 million be amortized to revenue over the 3-year term of this application, being 2025, 2026 and 2027, or $1.507 million per year. This treatment results in reducing the rate impacts of each test year. Accounting rules require recognition of the insurance proceeds immediately.

Table 3.13
Depreciation and Amortization
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Fixed Asset Depreciation	$ 14,244	$ 15,350	$ 16,005	$ 15,719	$ 20,658	$ 24,529	$ 27,658
Less: Contributions	(5,656)	(5,679)	(6,480)	(5,705)	(5,933)	(6,358)	(6,684)
Less: Lewes River Boat Lock insurance recoveries					(1,507)	(1,507)	(1,507)
Less: Amortization of fire insurance recoveries	(262)	(262)	(262)	(262)	(262)	(262)	(262)
Less: Disallowed Depreciation	(51)	(51)	(51)	(51)	(51)	(51)	(51)
Plus: Amortization of deferred charges	4,536	5,345	3,690	5,436	7,006	7,488	6,893
Plus: Net Salvage Annual Appropriation					350	350	350
Total Depreciation & Amortization	$ 12,811	$ 14,703	$ 12,902	$ 15,137	$ 20,261	$ 24,190	$ 26,398

Request:

(a) Please provide an explanation for the variance in Fixed Asset Depreciation expense between: 2023 approved and actual; 2024 approved and 2025 forecast; 2025 and 2026 forecast; and 2026 and 2027 forecast, as noted in row 1 of Table 13 above.

(b) Please provide the same variance information as in part (a) for Amortization of Deferred Charges, as noted in row 5 of Table 13 above.

(c) Please provide a reference to where information for the calculation of the Amortization of Contribution expense (row 2 of Table 3.13 above) can be found within YEC's application or Tab attachments.

(d) Please confirm whether the contributions of $4.520 million, representing the insurance "gain" on flooding related to the Lewes River Boat Lock project, remains a forecast, or if the funds have been received. If all anticipated funds have not been received, please describe when the funds are expected to be received. If all expected funds from the Lewes River Boat Lock claim have been received, please confirm that the amount received was $4.520 million or explain why the amount received is different.

(e) YEC has recorded the proceeds of $4.520 million from the insurance claim with respect to the Lewes River Boat Lock as a reduction to depreciation expense over three years rather than as a reduction to the CWIP balance for the project which YEC indicates is now on hold. Please prepare an analysis comparing the two treatments (credit to depreciation expense versus credit to CWIP) and the impact to ratepayers given that recording the $4.520 million as a reduction to CWIP would have the effect of lowering any AFUDC being calculated on the Lewes River Boat Lock project CWIP balance.

(f) Please provide reasons why the proceeds of $4.520 million from the insurance claim with respect to the Lewes River Boat Lock cannot be recognized in its entirety as either a reduction to depreciation expense or a reduction to CWIP upon receipt of the funds.

(g) With respect to the Lewes River Boat Lock project, please explain why "this project has been put on hold and has an unknown future."

YUB-YEC-1-051
Reference: YEC 2025-2027 Application, PDF pages 95-96
Issue: Hearing Cost Reserve Account
Quote: Until there is a change in the regulatory process, costs are expected to remain high. Yukon Energy has taken steps to reduce its costs such as internal preparation of its GRA's, submission of a longer-term GRA and reduction of administration costs. However, Yukon Energy cannot control intervenor costs and effects on Yukon Energy and Board costs for questions that provide no value to the proceeding. As requested in the 2023/24 GRA, Yukon Energy is requesting a limit on intervenor questions to minimize risk of irrelevant or insignificant questions.

Request:

(a) Referring to the quote above, aside from limiting intervenor questions, what type of change in regulatory process is YEC referring to?

(b) Referring to the quote above, please identify and provide a quantification of how YEC has reduced administration costs related to its Hearing Cost Reserve Account.

(c) With respect to regulatory efficiency, has YEC ever conducted a study or review of the types of information that would best support its application and assist parties in examining and understanding the details of its requested revenue requirement?

YUB-YEC-1-052
Reference: YEC 2025-2027 Application, PDF page 98
Issue: Vegetation Management Deferral
Quote:

3.4.4.2 Vegetation Management Deferral

Board Order 2013-01 required Yukon Energy to create a vegetation management deferral account to defer brushing costs in excess of 2011 actual brushing costs. As part of the 2017/18 GRA, the Board approved amortization of the 2016 balance of $2.215 million over a 10-year period ($0.222 million per year from 2017 through 2026) and directed that deferral of these costs is no longer required. Yukon Energy is not proposing any changes for the test years. This deferral account is scheduled to expire on December 31, 2026. Table 3.13.1.3 shows the deferred vegetation management continuity schedule.

Table 3.13.1.3:
Deferred Vegetation Management Continuity Schedule
($000)

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
Opening Balance	$ 886	$ 665	$ 886	$ 665	$ 443	$ 222	$ -
Annual Deferred Costs	0	0	0	0	0	0	0
Annual Amortization	(222)	(222)	(222)	(222)	(222)	(222)	0
Closing Balance	$ 665	$ 443	$ 665	$ 443	$ 222	$ -	$ -

Request:

(a) Please explain why YEC considers that the Vegetation Management Deferral Account will be "expired" as of December 31, 2026 as opposed to the deferral amount becoming fully amortized.

(b) What is the significance of the account being expired rather than not being required until some future point in time.

YUB-YEC-1-053

Reference: **YEC 2025-2027 Application, Appendix 3.2: Employee Complement Addition Justifications, PDF pages 118-144;**
Tab 3 tables: Table 3.4 Employee Complement History, Table 3.4.1 Employee Complement Changes from 2027 GRA

Issue: **Employee complement and Full Time Equivalent (FTE) information**

Quote: PDF page 119:

"This position will address the strategic priority of *Invest in people* with the action to attract, develop and retain talent. This position will also address the strategic priority of *Plan the renewables of tomorrow*."

Tab 3 tables, Table 3.4:

Table 3.4
Employee Complement History

	Approved 2023	Approved 2024	Actual 2023	Preliminary Actual 2024	Proposed 2025	Proposed 2026	Proposed 2027
President & Corporate Services	3.10	3.10	3.34	3.29	3.10	3.10	4.10
Government Relations	1.00	2.00	1.00		-	-	-
Business Development	1.00	1.00	1.00		-	-	-
Communications & Customer Service	3.60	3.60	4.60		-	-	-
People & Culture	2.00	2.00	2.00		-	-	-
Partnerships & Business Services				15.05	15.25	16.50	18.00
Resource Planning, Environment, Health & Safety	10.60	11.13	11.10	11.98	12.60	13.85	13.85
Finance & Procurement	19.29	20.29	19.41	13.79	13.79	14.79	14.79
Operations	51.96	53.20	51.46	55.10	59.95	63.60	64.45
Engineering Services	20.50	23.50	19.75	24.25	24.25	28.00	29.25
Total	113.05	119.81	113.66	123.46	128.94	139.84	144.44
Vacant	9.00	9.00	12.32	7.99	9.00	9.00	9.00
Filed	104.05	110.81	101.34	115.47	119.94	130.84	135.44

Note:
1. The employee complement numbers are net of allocation to YDC.
2. In 2024, the positions under Government Relations, Business Development, Communications & Customer Service, People & Culture and IT were transferred to Partnerships & Business Services. Please see Table 3.4.1 for details.

Preamble: At various points in Appendix 3.2, YEC states that the position in question will address the strategic priority "*Invest in people*."[5] YEC also identifies a "strategic priority of *Plan the renewables of tomorrow*."[6]

Appendix 3.2 also provides by Department, a list of the planned additions by position "title."

Request:

(a) Please provide details of YEC's "strategic priority of Invest in people."

(b) Please provide details of YEC's "strategic priority of Plan the renewables of tomorrow."

(c) How do the objectives of each of the strategic priorities identified in parts (a) and (b), align with the provision of utility services.

(d) Referring to Table 3.4, it appears that several groups or departments have been amalgamated into a single group "Partnerships & Business Services." Please explain the significance of the change in reporting structure and why it was necessary to do so. How does the change assist YEC in carrying out the duties of its utility function?

(e) Please provide an organization chart for each test year that will assist in understanding the composition of each department noted on Table 3.4 by the position titles used in Appendix 3.2.

(f) Of the planned additions to employee complement, for each test year, please clearly identify which planned additions to employee complement are intended to replace the need to rely on an external contractor or consultant to perform the required task. Please also provide a reference to where this expected outcome can be observed in YEC's application.

YUB-YEC-1-054
Reference: YEC 2025-2027 Application, PDF page 104, Table 3.15.1
Issue: Cost of Debt

Preamble: Table 3.15.1 shows a lender CAFN, and outstanding balance of $1.0 million, and an interest rate of ROE.

Request:

(a) Please explain the debt from the lender CAFN and whether it arose pursuant to the provisions of the CAFN Final Agreement or any other legislation.

(b) Please describe the repayment terms (return of principle) for that debt.

[5] YEC 2025-2027 Application, Appendix 3.2: Employee Complement Addition Justifications, PDF pages 119, 128, 130, 131, 134, 136, 140, 142 and 144.
[6] YEC 2025-2027 Application, Appendix 3.2: Employee Complement Addition Justifications, PDF pages 119 and 142.

(c) Please explain why the interest rate is higher than the cost of debt for all other lenders listed in Table 3.15.1.

(d) What direction was YEC given to accept the terms of that debt?

(e) When did YEC enter into the debt agreement for the CAFN debt?

YUB-YEC-1-055

Reference: **YEC 2025-2027 Application, PDF page 105**

Issue: **Cost of Debt**

Quote: As per Board Order 2018-10, the interest rate on new test year debt is determined by a formulaic approach based on the long-term Canada Bonds rate plus 120 basis points (Government of Canada Long-Term Bond Benchmark at 3.35% as of January 28, 2025).

Request:

(a) What is the Government of Canada Long-Term Bond Benchmark as of June 30, 2025?

(b) What was the Government of Canada Long-Term Bond Benchmark as of January 28, 2025 for 2025, 2026 and 2027?

(c) How is the cost of debt form YDC determined?

(d) How is the cost of debt from TD determined?

YUB-YEC-1-056

Reference: **YEC 2025-2027 Application, PDF page 105**

Issue: **Cost of Debt**

Quote: During the BESS Part 3 hearing, Yukon Energy proposed that investment opportunity to be provided to the First Nations by structuring the debentures arrangements as a benefit, where Yukon Energy pays the interest on debentures based on the actual rate of return on equity, however, for rate setting purposes Yukon Energy will use the cost of debt to remove impact on ratepayers. The variance between the actual interest rate and interest expense included in the rates will be charged against Yukon Energy's retained earnings. The Board, in its Report dated June 30, 2021 stated that it "accepts YEC's commitment that ratepayers will not be adversely impacted by the debenture investment opportunity." Accordingly, the Application assumes all new debt, including any new debt related to the FN debentures, with an interest rate at 4.55%, which is based on the Bank of Canada benchmark plus 120 basis points.

Preamble: The Board seeks further information.

Request:

(a) Please provide further explanation of "Accordingly, the Application assumes all new debt, including any new debt related to the FN debentures, with an interest rate at 4.55%, which is based on the Bank of Canada benchmark plus 120 basis points."

(b) Please explain how the interest rate of 4.55 per cent was derived.

YUB-YEC-1-057
Reference: YEC 2025-2027 Application, PDF page 99, Table 3.13.1.4
Issue: Defined Pension Deferral Account Continuity Schedule
Preamble: The Board seeks further information.
Request:
Please explain the additions for 2023 and 2024 for this deferral account.

YUB-YEC-1-058
Reference: YEC 2025-2027 Application, PDF page 99, Table 3.13.1.5
Issue: IPP Purchase Cost Deferral Account Continuity Schedule
Preamble: The Board seeks further information.
Request:
Please explain the additions for 2024 for this deferral account.

YUB-YEC-1-059
Reference: YEC 2025-2027 Application, PDF page 111
Issue: Appendix 3.1 Diesel Rental Business Case
Quote: Instead, the plan proposed capital spending on long-term generation and DSM resource options that would continue to be used and useful after Moon Lake pump storage became operational. In that context, it did not appear to be necessary to give specific consideration to other short-term options as an alternative to rental diesel for the period prior to Moon Lake's planned implementation and Yukon Energy's continued reliance on diesel rentals to close the dependable capacity gap.
Request:
(a) The above quote appears to say that YEC did not give specific consideration to alternatives to the diesel rentals nor looked beyond the short-term. For most businesses, the short term is considered less than 5 years. What other options can YEC consider instead of diesel rentals to meet its N-1 planning criteria?

(b) It appears YEC was optimistic in terms of the timing for Moon Lake and Atlin. What can YEC do to avoid making such assumptions in the future?

(c) What has YEC learned regarding its diesel rentals and long-term project timelines going forward in order to increase economic efficiency?

YUB-YEC-1-060

Reference: **YEC 2025-2027 Application, PDF page 112**

Issue: **Appendix 3.1 Diesel Rental Business Case**

Quote: The Short-Term Actions focusing on 2025-2035, as part of the upcoming Resource Plan, identifies plans to build a reliable and robust grid over the next five years. The goal is to increase the reliability and stability of the grid such that intermittent renewables can be integrated without impacting grid stability as a pathway towards net-zero.

…

Renewable energy projects that also provide dependable winter capacity are limited and often face added challenges.

Request:

(a) Please explain how the short-term actions address the issue of diesel rental in this GRA?

(b) Please give an example of a renewable energy project that can provide firm dependable winter capacity within the test years.

YUB-YEC-1-061

Reference: **YEC 2025-2027 Application, PDF page 113**

Issue: **Appendix 3.1 Diesel Rental Business Case**

Quote: Amongst other things, Appendix 5.4A provides evidence regarding the timelines expected to be required to develop this new permanent thermal capacity, as directed by the Board in Appendix A of Board Order 2024-05, paragraph 136.

…

During the review of its 2021 GRA, Yukon Energy explained why trading diesel engines [i.e., purchasing During the review of its 2021 GRA, Yukon Energy explained why trading diesel engines [i.e., purchasing diesel rental units and sale later when it is not needed] is not considered to be a feasible option for Yukon Energy. This was iterated in the 2023/24 GRA, and it remains the case for this GRA. However, Yukon Energy is exploring options to purchase a small number of units to use them as mobile units to support the system. diesel rental units and sale later when it is not needed] is not considered to be a feasible option for Yukon Energy. This was iterated in the 2023/24 GRA, and it remains the case for this GRA. However, Yukon Energy is exploring options to purchase a small number of units to use them as mobile units to support the system.

Request:

(a) What has YEC done differently to increase the accuracy of the timelines referred to in Appendix 5.4A?

(b) Please explain why, in the second quote above, YEC only focussed on purchasing diesel rentals instead of other diesel units? Does focusing only on diesel rental units impair the accuracy of YEC's analysis? Please explain.

(c) Has YEC commented on the performance of the diesel units in the past (less reliable, higher forced outage rate, requirement of spare units in excess of the quantity need to meet the N-1 criteria)? If this is affirmative, why would YEC consider purchasing a small number of units as mobile units?

YUB-YEC-1-062

Reference: **YEC 2025-2027 Application, PDF page 115 and footnote 5**

Issue: **Appendix 3.1 Diesel Rental Business Case**

Quote: PDF page 115:

The LCOC over a 40-year life for the 16.5 MW Thermal Replacement Project at $228.8 per kW-yr (2025$) compares to the LCOC of $207.6 per kW-yr for 2025 rental diesel cost for all diesel rental units with 2%/year increase in diesel rental cost, and LCOC of $239.6-$279.4 per kW-yr with 3%-4%/year increase in diesel rental cost (assuming a 40-year life and excluding rental capital infrastructure costs).

Footnote 5:

LCOC assessed assuming total rental cost of $6.9 million for 22 units to total of about 34 MW [with 15% Forced Outage Rates (FOR)]. The rental cost is assumed to increase 2%/year, sensitivity cases are included for 3% and 4%/year rental cost increases. The LCOC for the 16.5 MW thermal replacement project is based on the total cost of $62.2 million. Yukon Energy WACC for new rate base of 6.390%/year per 2025-27 GRA (60% new debt financed at 4.55% and 40% equity financed at 9.15% per the current Application). This comparative cost analysis does address net benefits from new, more environmentally friendly, likely lower operating cost Tier 4 new permanent diesel units compared to the Tier 2 rental units (Appendix A to Board Order 2024-05, paragraph 135, noted this limitation to this analysis).

Request:

(a) Please explain the reasonableness of the analysis of comparing Tier 2 rental units to Tier 4 permanent diesels.

(b) Please redo the analysis referred to above comparing Tier 2 rentals to Tier 2 permanent diesels.

YUB-YEC-1-063
Reference: **YEC 2025-2027 Application, PDF page 148**
Issue: **Thermal Fuel Mix**
Quote: Yukon Energy does not have enough evidence at this time to support a change in the LTA blended fuel mix ratio to a 70%/30% mix based on actual results considering the percentages were impacted by the wide range of factors noted. There are also impacts from lower LNG percentages as noted below. Therefore, Yukon Energy is proposing to use an 80% LNG and 20% diesel mix for the fuel cost calculations for the 2025, 2026, and 2027 test years (which is the average between 90/10 and 70/30 based on actuals for the previous years).

Use of a lower allocation of LNG would lead to higher fuel costs. The table below shows the impact of the change in the fuel mix on the revenue requirement for 2025. While this will lead to higher fuel costs compared to the 90/10 mix, the impact will be lower than the 70/30 mix based on actuals as shown in the table below.

Request:
(a) Please explain the impact of the above and how it relates to Rider F.

(b) With Rider F, is it a correct assumption that no matter what the forecast fuel cost is or the forecast fuel mix, customers will only pay the actual fuel costs (based on LTA)? Please explain.

YUB-YEC-1-064
Reference: YEC 2025-2027 Application, Appendix 3.4 Vegetation Management Plan, PDF pages 149-165
Issue: Vegetation Management Plan
Quote:

Table 4: 2024 O&M Work Forecast

PROJECT	TRIM	SLASH	MOW[1]	TOTAL	O&M MECHANICAL WORK
Line Number	M^2	M^2	M^2	M^2	$
L171	0	5,537	6,471	12,008	21,004
L170	2,790	122,301	135,838	260,929	474,087
L178	32	48,535	57,315	105,882	184,801
L173	0	22,588	241,154	263,742	268,227
L172	0	10,220	0	10,220	28,616
L169	0	1,192	0	1,192	3,338
L355	0	73	60,589	60,662	51,705
L254	0	183	0	183	512
L177	217	25,858	255,793	281,868	291,085
L174	705	7,700	17,390	25,795	40,431
L176	0	0	40,619	40,619	34,526
L180	0	0	0	0	0
L175	0	0	0	0	0
L356	120	68,977	171,860	240,957	339,913
L250	0	2,080	5,599	7,679	10,583
L453	707	1,179	0	1,886	7,402
Total	**4,571**	**316,423**	**992,628**	**629,895**	**1,756,230**

Table 5: 2024 Capital Work Forecast

PROJECT	HAZARD TREE	HAZARD TREE	DANGER TREE	DANGER TREE	MECHANICAL WIDENING	MECHANICAL WIDENING
Line Number	# of Trees	$	# of Trees	$	M^2	$
L171	22	3,630	386	63,690	271,400	949,900
L170	97	16,005	506	83,490	0	0
L178	476	78,540	489	80,685	0	0
L173	40	6,600	1,174	193,710	0	0
L172	14	2,310	474	78,210	0	0
L169	0	0	5	825	0	0
L355	76	12,540	0	0	0	0
L254	16	2,640	32	5,280	0	0
L177	85	14,025	0	0	0	0
L174	157	25,905	602	99,330	0	0
L176	26	4,290	0	0	0	0
L180	64	10,560	83	13,695	0	0
L175	80	13,200	0	0	0	0
L356	12	1,980	0	0	0	0
L250	9	1,485	52	8,580	0	0
L453	54	8,910	0	0	0	0
Total	**1,228**	**202,620**	**3,803**	**627,495**	**271,400**	**949,900**

Preamble: Appendix 3.4 provided a Vegetation Management Plan respecting a "10-Year Plan to Manage Vegetation along Yukon Energy Corporation Rights of Way." The Board would like to understand how successful YEC has been in achieving the objectives set out in this report for the year 2024.

Request:

(a) Referring to Appendix 3.4, Table 4 - 2024 O&M Work Forecast and Table 5 - 2024 Capital Work Forecast, please provide a table with details comparing the work forecast for that year with what was accomplished on an actual basis along with explanations for any variances noted between the two.

(b) Separately, please correlate the information provided in part (a) for O&M work and provide quantum and unit cost details respecting 2024 forecast and actual costs for both distribution and transmission functions that would correspond to Tab 3 tables, Table 3.6.1 Brushing Costs.

YUB-YEC-1-065

Reference: **YEC 2025-2027 Application, Appendix 5.3, FX-001 Criteria for Capitalization, PDF pages 431-438; Tab 3 tables 2025-27 GRA, Table 3.13**

Issue: **FX-001 Criteria for Capitalization**

Quote: **1.0 Purpose**

To provide guidelines for determining whether expenditures should be capitalized or expensed. Primary source used is IAS 16 Property Plant and Equipment and industry guidance (BC Hydro).

...

3.0 Criteria for Capitalization

Notwithstanding clause 2.0, expenditures are considered capital in nature if one or more of the following criteria are met:

a) If they have been incurred to acquire, construct, or develop assets that will be used on a continuing basis for longer than one year.
b) The resulting asset will be held for use in the generation, transmission, or distribution of electricity, directly or indirectly.
c) The cost is significant relative to the total capital cost of the particular asset. In the case of new assets, the cost must exceed $1,000.

...

4.1 Subsequent Costs Replacement of Existing Assets

Parts of some items of property, plant and equipment may require replacement at regular intervals. For example, the headgate of a dam may

require replacement. Under the recognition principle, an entity recognizes in the carrying amount of an item of property, plant, and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria in 2.0 are met. The carrying amount of those parts that are replaced is derecognised (ref: IAS 16, para 13).

...

Acquisition Costs for capitalization include, but are not limited to:
...
s. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. (IAS 16, para 16(c))

...

The Corporation capitalizes streetlights, regardless of the cost of each streetlight.

The Corporation capitalizes transformers and breakers, regardless of the cost of each transformer and breaker.

...

11.0 Depreciation

Assets are depreciated based on the estimated useful life of the assigned asset class as per the 'GP Users Manual for Property Plant and Equipment'. Estimated useful lives are re-evaluated as required via a third-party depreciation study.

Request:

(a) Please provide a copy of IAS 16 Property Plant and Equipment.

(b) As proposed in FX-001 Criteria for Capitalization, has YEC's $1,000 threshold for capitalization changed from some other amount? If so, please explain.

(c) Please provide the dollar value thresholds for capitalization for utilities that YEC considers to be peer utilities.

(d) Please explain what is meant by the phrase noted in the quoted passage above that indicates that the carrying amount of an asset that is replaced is "derecognized." In your response, please explain how this is different from retiring an asset, or removing an asset from utility service if it is no longer used or useful? Please provide an example of a typical accounting entry for a "derecognized" asset transaction.

(e) Does part (s) as quoted above assume Board approval of YEC's proposed changes to its net salvage methodology? Please explain.

(f) If the response to part (e) above is negative and given that part (s) as quoted above indicates that the acquisition cost includes "the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located," how does this accord with YEC's treatment of net salvage costs under the existing Board-approved future removal and site restoration (FRSR) practice which does not currently allow for the pre-collection of net salvage costs in revenue requirement?

(g) Please explain the basis for the of the capitalization of streetlights, transformers, and breakers regardless of their respective costs.

(h) Are Major overhauls as referred to in subsection 4.2 Overhauls/Inspections/Certification; 4.2(a) Diesel Units; 4.2(b) Hydro Units; 4.2(c) Gas Units required to meet the $1,000 threshold for capitalization?

(i) Please explain how the $1,000 threshold applies to subsections 5.0 Intangible Assets; 6.0 Regulatory and Licensing Projects; 7.0 Capital Leases (Right-of-Use-Assets) and 8.0 Critical Spares.

(j) At what point during an asset's physical construction is the asset capitalized into YEC rate base? Are there, or have there been, any instances where a completed portion of a capital project was capitalized prior to the completion of an entire capital project? If so, please explain the circumstances.

(k) Please point to where the policy related to asset recognition as discussed in part (j) has been articulated in FX-001 Criteria for Capitalization or any other of YEC's capital related policies or similar.

(l) Please clarify YEC's policy and procedure with respect to asset recognition as it pertains to each of rate base, mid-year rate base, the calculation of AFUDC and the calculation of return on mid-year rate base. Please identify a policy where each of these accounting and regulatory practices are articulated.

(m) Please clarify YEC's policy and procedure for commencing depreciation expense for a newly capitalized utility asset, explaining the point at which depreciation commences for each of financial accounting and regulatory accounting purposes. Please provide an example depreciation expense calculation for an asset costing $2,000 placed into service on February 15, 2025, with an average service life of 15 years under each of a financial accounting and regulatory accounting scenario.

(n) Please provide a copy of all YEC's policies or procedures related to depreciation expense, clarifying whether the document(s) have considered the provisions in Tab 9 Net Salvage Study.

(o) If YEC cannot provide a response to part (n), please explain on what basis YEC's revenue requirement has provided for the collection of annual net salvage expense in the amount of $0.350 million per year as proposed in the Tab 9 Net Salvage Study and shown on Tab 3, Table 3.13.

(p) Please provide a copy of the "GP Users Manual for Property Plant and Equipment."

YUB-YEC-1-066
Reference: YEC 2025-2027 Application, Tab 9 Net Salvage Study, PDF page 522-539; Attachment A1 – Calculation of Traditional Approach to Net Salvage, PDF pages 540-542
Issue: Proposed Capitalization Approach - Net Salvage Study
Request:

(a) Referring to YEC's proposed net salvage methodology to capitalize costs of removal for "interim" replacement projects, please respond to the following:

i. What modifications will YEC make to its business cases to include information on the portion of the project that is related to costs of removal for "interim" replacement projects? As part of the response, please identify all additional information YEC will provide in its business cases and GRAs in order for parties to test the prudence of costs of removal that it proposes will be capitalized and form part of rate base.

ii. What issues does YEC foresee with respect to its ability to forecast "interim" costs of removal for replacement projects? Will forecasting these types of costs, from both a timing and quantum perspective, be easier or harder than forecasting the replacement project costs on a stand-alone basis? Please explain.

iii. In the future, if the proposed net salvage methodology is approved, will it be necessary for YEC be able to distinguish costs related to "current existing assets" that have no cost of removal component with "future constructed assets" that will include capitalized costs of removal? Please fully explain why or why not, and provide examples supporting YEC's position on this matter.

(b) Please provide detail with respect to how YEC will determine if the costs of removal for an asset retirement, whether terminal or interim, are routine versus non-routine. Please include a list of all decision points and criterion relied on to make this determination.

(c) Please explain if YEC currently tracks actual cost of removal information. If so, will this practice continue if the Board accepts the proposed capitalization approach for net salvage~~?~~ Please explain fully.

(d) Please explain if the FRSR balance is currently attributable to specific asset accounts or if it is considered a single fund balance.

(e) Please explain why an ARO calculation is relevant to YECs proposal with respect to how costs of removal are collected from ratepayers.

(f) Does YEC perform an annual ARO calculation? If so, please identify the types assets to which the ARO relates. If available, please provide a copy of YECs most recent ARO calculation and identify the ARO threshold for materiality.

(g) Please explain why YEC or Bowman Economic Consulting Inc. takes specific consideration that "the ARO and FRSR are structured to avoid double-counting of the same principles on the balance sheet" given that, typically, recognition of an ARO is for financial accounting purposes and YEC's FRSR is for regulatory accounting purposes.

(h) In what circumstance would YEC or Bowman Economic Consulting Inc. view the following condition would exist: "… a major upcoming terminal retirement is identified or an ARO has been recorded for a material asset, this amount should be increased to reflect this obligation as early as reasonable plans can be developed for the retirement, including timing and cost."

(i) Please explain if there could be an ARO recorded without there being a related major upcoming terminal retirement to be provided for. Alternatively, please explain if there could be a major upcoming terminal retirement to be provided for without the need for an ARO to be recorded.

(j) Referring to Attachment A1 – Calculation of Traditional Approach to Net Salvage, please explain, in detail, how the columns headed "Catch-up Amount" and "Annual Provision for Catch-up (2024 Forecast)" were determined. Please ensure an explanation of whether or how the two calculations considered either the age or remaining life of the assets for each of the account numbers or groups of account numbers at issue is provided.

YUB-YEC-1-067

Reference: **YEC 2025-2027 Application, Tab 9 Net Salvage Study, PDF pages 528, 534 and 537**

Issue: **Proposed Capitalization Approach - Net Salvage Study**

Quote: PDF page 528:

The spending on net salvage since 2005 is notably limited, averaging only $196,000 per year. A review of projects comprising the spending since 2009 ($3.1 million in total spend) indicates over half (more than $1.7 million) is related to only three projects – the removal of Whitehorse Wind #1, Whitehorse Wind #2, and the decommissioning of Whitehorse diesel units from service (WD1, WD2, and WD3).

...

From the above data, it appears likely that Yukon Energy has approached use of the FRSR with restraint, likely accounting for costs as either capital or O&M, which could have been included in the FRSR based on utility industry practice.

PDF page 534:

... For any given asset, the nominal cost of return and depreciation will decrease over time (as the asset is depreciated), and the real cost (especially in the case of load growth) will decline even faster. ...

PDF page 537:

Table 3: Spending in Relation to Gross PPE

FRSR Spending in Relation to Gross PPE
($000s)

	spend/ recover	Gross PPE (including WIP)	Ratio
2005	139	222,116	0.063%
2006	535	226,567	0.236%
2007	(158)	237,646	-0.066%
2008	73	275,268	0.027%
2009	160	297,262	0.054%
2010	243	378,170	0.064%
2011	53	473,168	0.011%
2012	-	495,796	0.000%
2013	40	520,406	0.008%
2014	-	555,552	0.000%
2015	304	577,888	0.053%
2016	8	589,387	0.001%
2017	55	598,756	0.009%
2018	340	615,387	0.055%
2019	1,173	642,291	0.183%
2020	53	667,962	0.008%
2021	-	691,598	0.000%
2022	49	734,073	0.007%
2023	653	796,724	0.082%
		mean	0.042%

Based on an estimated 2024 year-end Gross PPE of $841.173 million, this would yield an estimated net salvage spending on terminal retirement activities of $0.352 million.

Request:

(a) Referring to PDF page 528, on what basis does Bowman Economic Consulting Inc. conclude that YEC is "likely accounting for costs as either capital or O&M, which could have been included in the FRSR based on utility industry practice"? In making this assertion, is Bowman Economic Consulting Inc. inferring that YEC has acted contrary to any approved accounting policy or procedure with respect to its practices for recording actual costs of removal? Please explain fully.

(b) Referring to PDF page 534, please explain how depreciation expense can decrease over time for a given asset.

(c) The quote at PDF page 528 implies that the removal costs related to Whitehorse Wind #1, Whitehorse Wind #2, and the decommissioning of Whitehorse diesel units from service (WD1, WD2, and WD3) would be classified as terminal retirements. Including these three projects, and referring to Table 3 at PDF page 537, please identify all capital project(s) attributable to the costs of removal for the years 2006, 2015, 2018, 2019, and 2023, and identify the types of assets that were retired from service. Would the asset retirements have been classified as terminal or interim asset retirements?

(d) Referring to PDF page 537 and Table 3: Spending in Relation to Gross property, plant and equipment (PPE), with respect to the implementation of a net salvage accrual rate

each year, will this calculation be determined solely on actual costs of removal and actual in-service PPE data?

(e) Referring to PDF page 537, in a GRA, will the net salvage accrual rate be applied to test-year forecast gross PPE? If it does and the Board does not approve YEC's test year forecast gross PPE, please confirm whether YEC would recalculate the net salvage accrual in the related compliance filing.

(f) Please confirm the FRSR is treated as no-cost capital.

(g) If the Board were to approve the proposed net salvage methodology, please clarify if the FRSR would be a single pool of funds, or would the funds be attributable to various asset accounts.

(h) If the response to part (g) indicates a single pool of funds, how will YEC monitor the net book value for an individual asset account where assets removed from service would show a negative net book value account balance due to an unfunded cost of removal amount? In other words, how will YEC know if it has under recovered or over recovered all costs of removal associated with an asset removed from service if the recovery of those costs is maintained in a single pool of pre-collected costs?

YUB-YEC-1-068

Reference: **YEC 2025-2027 Application, Tab 9 Net Salvage Study, PDF page 538**

Issue: **Proposed Capitalization Approach - Net Salvage Study**

Quote: "Implementation of the Capitalization approach would therefore include three separate aspects:

1) **Terminal Retirement**s: A revision to Yukon Energy's capital asset policy that makes clear that any and all removal costs associated with removal of assets which are being effectively replaced in the same location are part of the capital cost of new assets in that location. If any change is necessary in practice, it should not be a major change, as it appears this is largely consistent with Yukon Energy practice (based on the low rate of charges to the FRSR provision). Also, this approach is routinely cited as being consistent with IFRS (for example, see Altalink AUC proceeding 23848).

2) **Routine Interim Retirements:** Maintain the FRSR account as part of regulated ratemaking. Implementation of a new accrual in rates of 0.042% of gross PPE each year (approximately $0.352 million/year) to sustain the account solely related to the estimated requirement for funding the costs of routine terminal retirements.

3) **Non-Routine Retirements:** Adoption of a practice that, if needed, any major non-routine terminal retirements are addressed at an early opportunity through accruals in rates. For example, if a major transmission or hydro asset is facing terminal retirement, costs for that activity should be estimated at an early opportunity and an accrual built into rates to build up the balances needed to undertake the removal activity. Note that this would be expected to be very rare (no such event is reflected in the 2005-2023 record)."

Preamble: The text after the bolded headers do not appear to correspond in meaning or intent as noted in the following examples:

After item "1) Terminal Retirements" it appears that a proposed policy revision pertaining to costs of removal for "routine interim retirements" is discussed, whereby "all removal costs associated with removal of assets which are being effectively replaced in the same location are part of the capital cost of new assets in that location." The Board understands costs of removal for replacement assets are proposed to be "routine interim retirements."

After item "2) Routine Interim Retirements" it appears that costs of removal for "routine **terminal** retirements" is discussed, as opposed to routine interim retirements, in relation to the implementation of a new accrual rate of 0.042 per cent. [Emphasis added]

After item "3) Non-Routine Retirements" it appears that only major non-routine terminal retirements are intended to be addressed at an early opportunity through potential net salvage accruals in rates. However, the Board understands that non-routine retirements could potentially be terminal or interim, and the information provided by YEC is not clear, nor are the specifics identified in the heading.

Request:

(a) Please respond to the Board's comments as provided in the preamble and either correct or further explain YEC's or Bowman Economic Consulting Inc.'s position with respect to the Board's observations.

(b) Please complete the following table, indicating within the three columns, where the costs of removal for each of the five types of asset retirements would be recorded:

Type of asset retirement:	**Recorded as a capital cost to the replacement asset**	**Recorded against the FRSR (funded through 0.042 per cent annual accrual)**	**Recorded against the FRSR (funded through 0.042 per cent annual accrual plus an additional accrual built into rates to build up the balances needed to undertake the removal activity)**
	How the costs of removal for each type of asset retirement would be recorded.		
Costs of removal for routine interim retirements			
Costs of removal for non-routine interim retirements			
Costs of removal for routine terminal retirements			
Costs of removal for non-routine terminal retirements			
Other circumstances – please specify and provide example if necessary			

YUB-YEC-1-069

Reference: **June 30, 2025 Board Order 2025-12 Supplementary Information submission, PDF page 7**

Issue: **Additional information for projects expected to be completed after 2025-2027 test period**

Preamble: At PDF 7 of YEC's June 30, 2025, Board Order 2025-12 Supplementary Information submission, YEC provides a table that shows the forecast final cost and expected year of project completion for YEC projects that are expected to come into service after 2027.

The Board requests that YEC provide the information requested below for each of following projects listed in the table on PDF 7 of YEC's June 30th supplementary information submission:

- Wareham Dam Spillway Project - Full Replacement
- Whitehorse Power Expansion
- Mayo MH0 Plant Renewal or Replacement
- Carmacks Substation Relocate
- Office Building
- PLT Shop
- Renewable Resource Projects
- Protection and Control
- T9 Transformer Critical Spare
- EV Infrastructure Transition
- P126 Building Renovation
- Atlin Hydro SIS and EPA

Request:

(a) For each project noted above, please provide a complete project execution schedule for the project as it existed at the time the expenditure forecasts included in the present application were prepared. Please ensure that the project schedule provided would allow the reader to determine, at minimum:

- any project activities completed by December 31, 2024.
- the date by which expected procurement processes for anticipated project construction labour and material contracts are anticipated to be (a) commenced and (b) completed.
- the expected start and stop dates for significant sub-projects anticipated for the project.

(b) For each project noted above, please provide a detailed project budget reflecting the internal YEC business case project cost forecast as it existed at the time YEC management made the corporate decision to commence substantial expenditures on the project. Please ensure that the project budget prepared for this response provides a line-item cost breakdown at a reasonable level of line-item detail, and which specifically includes line-items for allocated YEC internal costs, AFUDC estimates, and contingency allowances.

YUB-YEC-1-070

Reference: **YEC 2025-2027 Application, Table 5.8, PDF page 228-233**

Issue: **Additional information for projects to be completed during 2025-2027 period**

Preamble: The Board wishes to obtain additional information about projects included on those projects listed in Table 5.8 that were not previously considered by the Board in the proceeding that examined YEC's 2023-2024 or any prior YEC GRA proceeding.

Request:

(a) Please provide a list all projects noted in Table 5.8 that:

- are included in the "Major projects > $2 million" categories;
- are part of Generation, Transmission, Distribution, General Plant, and Overhaul categories;
- are not anticipated to have capital additions after 2027; and
- have not been assessed in a prior GRA proceeding.

(b) For each project provided in your response to part (a) above, please provide the relevant 2025-2027 GRA business case appendix number and corresponding business case page range that pertains to the project.

(c) For each project identified in your part (a) response, please provide a complete project execution schedule for the project as it existed at the time the expenditure forecasts included in the present application were prepared. Please ensure that the project schedule provided would allow the reader to determine, at minimum:

- any project activities completed by December 31, 2024.
- the date by which expected procurement processes for anticipated project construction labour and material contracts are anticipated to be (a) commenced and (b) completed.
- expected start and stop dates for significant sub-projects anticipated for the project.

(d) For each identified in your part (a) response, please provide a detailed project budget reflecting the internal YEC business case project cost forecast as it existed at the time YEC management made the corporate decision to commence substantial expenditures on the project. Please ensure that the project budget prepared for this response provides a line-item cost breakdown at a reasonable level of line-item detail, and which specifically includes line-items for allocated YEC internal costs, AFUDC estimates, and contingency allowances.

YUB-YEC-1-071
Reference: YEC 2025-2027 Application, PDF pages 242, 246, 249-251, 260, 299, 306, 394, 419, and 425
Issue: Treatment of contingency allowances

Preamble: Some, but not all of the business cases filed with the application include either project budget breakdowns or other project cost breakdowns that reference include line items for contingency allowances. Since not all capital project write-ups include detailed line-item cost breakdowns, it is not clear whether the forecasts for all capital projects discussed in the application have made allowances for project contingencies, or if the treatment of contingency allowances is applied consistently across all projects.

The Board has identified the following projects that have indicated that the project cost forecast has included a contingency allowance:

- Thermal Replacement (16.5 MW) project (Appendix 5.1A-1) (PDF 242)
- Battery Energy Storage System project (Appendix 5.1A-2) (PDF 246, 249, 250, 251)
- MH0 Rockslide and Stabilization and Remediation (Appendix 5.1A-3) (PDF 260)
- Wareham Dam Spillway – Tunnel (Appendix 5.1A-4) (PDF 271)
- MH0 Surge Chamber Replacement (Appendix 5.1A-5) (PDF 274)
- Transmission Line Refurbishment L178 (Appendix 5.1A-6) (PDF 279)
- Dawson Voltage Conversion Project (Appendix 5.1A-7) (PDF 282)
- WH3 Headgate Replacement project (Appendix 5.1A-11) (PDF 260)
- WH3 10-Year Overhaul project (Appendix 5.1A-12) (PDF 299)
- Lewes River Boat Lock project (Appendix 5.1B-1.1) (PDF 306)
- Integrated Resource Plan (Appendix 5.2A-5) (PDF 419)
- Demand Side Management program (Appendix 5.2B-2) (PDF 425)
- AGS 25-Year Water Use Licence Renewal (Appendix 5.2A-2) (PDF 394)

Request:

(a) Please provide a complete description of YEC's practice for determining contingency allowance forecast in its capital project budgets.

(b) Please confirm that all capital projects either completed during the 2023-2024 period or forecasted for in the application for the 2025-2027 test period or beyond have utilized the contingency allowance forecasting approach described in your response to part (a) above. If this cannot be confirmed, please provide a list of all projects for which a contingency allowance was determined through a methodology other than as described in your part (a) response. For any of the projects noted in the preamble that YEC may identify as having used a different approach to setting the contingency allowance than as described in your response to part (a), please provide an explanation of how the contingency allowance forecast was derived.

(c) Please confirm that YEC does not draw down contingency allowance balances on specific projects until the forecast budget of all other forecast elements have been exhausted. If this cannot be confirmed, please explain YEC's practices for initiating contingency allowance drawdowns and for determining the amount of the drawdown that is applied at any given time.

(d) Please explain YEC's practices for deciding that an increase in a project's contingency allowance from the amount set in the initial project forecast is needed and, if it is needed, for determining the amount of the contingency allowance increase that should be applied.

YUB-YEC-1-072

Reference: **YEC 2025-2027 Application, Table 5.1A-3, PDF page 242, Table 5.1A-7, PDF page 249, Table 5.1A-38, PDF page 299, and Table 5.1B-2, PDF page 306**

Issue: **Owners engineer expenditures**

Preamble: Business cases for the following projects have include project cost breakdowns that include line items for expenditures on an "owners engineer:"

- Thermal Replacement (16.5 MW) project (Appendix 5.1A-1)
- Battery Energy Storage System project (Appendix 5.1A-2)
- WH3 10-Year Overhaul project (Appendix 5.1A-12)
- Lewes River Boat Lock project (Appendix 5.1B-1.1)

As YEC only included detailed line-item cost estimate or breakdowns for a subset of the capital projects described in the application, the Board wishes to better understand both the role of the owners engineer function and the extent to which other YEC projects described in the application may have used, or expect to use, owners engineer service.

Request:

(a) Please fully explain the role of the owners engineered function in the context of YEC's administration of capital projects. In your response, please provide both a high-level description of YEC's understanding of the services provided by an owners engineer and a discussion of the role that the owners engineer played in the project noted in the preamble above.

(b) The Board notes that in the project cost breakdown provided for the BESS project, in Table 5.1A-7 (see Application PDF page 249), there are line items for both an "owners engineer" and for "project management." Please explain why YEC determined that expenditures on both of these functions (rather than, for example, only having a project manager with responsibility to ensure the prudent advancement of the project) was deemed necessary in this case.

(c) Please confirm that no other capital projects included in the application, including both projects for which capital additions were made during the 2023-2024 test period or projects expected to be completed in the 2025-2027 period or subsequently, include

either actual or forecasted expenditures on owners engineer services. If this cannot be confirmed, please provide a list of all application capital projects that either incurred or are forecasted to owners engineer costs. For any projects so identified, please indicate the corresponding expenditure or forecast of owners engineer costs.

YUB-YEC-1-073

Reference: **Board Order 2025-12 Appendix, PDF page 11;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF page 44

Issue: **YEC project naming/numbering system**

Preamble: The Board has become aware that the naming of certain YEC projects has changed between GRAs, thereby potentially complicating the assessment of expenditures on certain projects.

For example, the Board notes that for a request that YEC provide information necessary to support the examination of variances between capital project forecasts and actual capital addition amounts for projects completed during the 2023-2024 test period, as set out in section 3.1.2 of Appendix A to Board Order 2025-12, the Board prepared a table (see Table 1 at PDF 11 of Order 2025-12 Appendix) that identified a generation project as "Mayo Mobile Diesel Genset," reflecting the project name used by YEC in Tables 5.3, 5.4, and 5.8 of the application. However, in part of its response to information requested in section 3.1.2 of Board Order 2025-12 Appendix A (see PDF page 44 of YEC June 30, 2025 response), the corresponding project appears to be named "2023 Mayo-Faro Diesel Infrastructure"

Request:

(a) Please briefly describe the internal YEC capital project numbering system, if any, used by YEC to ensure that accounting and other information pertaining to specific projects is tracked accurately.

(b) Please provide an update to Table 1 from the Appendix to Board Order 2025-12 (at PDF page 11) that includes an additional column to the left of the project names that shows the applicable YEC project number.

YUB-YEC-1-074

Reference: **YEC 2025-2027 Application PDF pages 242, 260, 274, 279, 282, 291, 294, 297, 299, 306, 384, 404, 405, 406, and 412**

Issue: **Allocation of internal YEC costs to projects**

Preamble: The Board has identified the following projects that include references to allocations of YEC internal costs to projects.

- Thermal Replacement (16.5 MW) project (Appendix 5.1A-1)
- MH0 Rockslide Stabilization and Remediation project (Appendix 5.1A-3)
- MH0 Surge Chamber Replacement (Appendix 5.1A-5)
- Transmission Line Refurbishment L178 (Appendix 5.1A-6)
- Dawson Voltage Conversion (Appendix 5.1A-7)
- Spare Power Transformer Program (Appendix 5.1A-9)
- Dam Safety Review Mitigations (Appendix 5.1A-10)
- WH3 Headgate Replacement (Appendix 5.1A-11) 7
- WH3 10-Year Overhaul (Appendix 5.1A-12)
- Lewes River Boat Lock (Appendix 5.1B-1.1)
- WRGS Long-term Water Use Licence Renewal (Appendix 5.2A-1)
- MGS Water Use Licence Renewal (Appendix 5.2A-3)

Request:

(a) Please confirm that all YEC capital projects involve some YEC internal costs and all projects receive an allocation of YEC internal costs for the purposes of both the preparation of project forecasts and determination of final project costs. If this cannot be confirmed, please explain.

(b) Please provide an explanation of the process used to determine the amount of YEC internal costs that should be allocated to specific capital projects. If possible, please provide any relevant internal YEC guide or document that explains how internal YEC should be allocated to projects.

(c) Please explain how YEC ensures that internal labour costs allocated to specific capital projects are netted off when determining the amounts of internal YEC costs that should be recorded to relevant operations and maintenance expense accounts for specific years.

YUB-YEC-1-075

Reference: **Board Order 2024-05 Appendix A Errata, paragraph 250; YEC 2025-2027 Application Section 5.4, PDF page 204, and Appendix 5.5A-1, PDF pages 470-471; Board Order 2025-12 Appendix A, Table 1, PDF pages 11-12**

Issue: **2023-2024 forecast vs. actual variance explanations**

Quote: At paragraph 250, Appendix A (Errata) to Board Order 2024-05 states:

> When YEC requests these capital projects to be added to its rate base, all actual costs incurred and the prudency thereof, will be examined further. YEC is reminded that the Board will expect YEC to file sufficient detail respecting its forecast and actual costs for each such capital project and to include all variance explanations where actual costs are different from those approved on a forecast basis in this Board Order. [Emphasis added]

Preamble: In Section 5.4 (PDF page 204) and Appendix 5.5A-1 of the application, YEC appears to have applied a limitation that variances between approved GRA forecast and actual capital project expenditures must be overspends that exceed $100,000.

The Board requests that YEC comply in full with the direction at paragraph 250 of Board Order 2024-05 Appendix A (Errata). To this end, the Board will require YEC to prepare brief forecast vs. actual variance explanations (as described in the request below) for all projects included in Table 1 from Board Order 2025-12 Appendix A.

For the purposes of this information request, please exclude the following projects, which are addressed in separate IRs:

- Thermal Replacement (16.5 MW) project
- 2023 Mayo-Faro Diesel Infrastructure project
- Lewes River Boat Lock Road Access Rebuild project
- S250 Callison project
- Synchronous Condenser Overhaul project
- Dawson Distribution 3 Phase Loop project
- Distribution Upgrades

Request:

(a) Please provide a brief explanation of the reasons for the GRA forecast vs actual cost variance (including variances for projects for which actual project expenditures were below the approved 2023-2024 GRA forecast) for each project noted in Table 1 other than those listed in the preamble above. In the response, please confirm within the write-up of each project that all project elements included in the GRA project cost forecast were completed. For any projects, where YEC cannot confirm that all

elements of the original forecast scope of the project were completed, please include a brief explanation as to what elements were not completed and a discussion of the reason that the reduction in project scope occurred.

YUB-YEC-1-076

Reference: **Board Order 2025-12 Appendix, Table 1, PDF pages 11-12;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF page 44;
YEC 2023-2024 GRA Application, PDF pages 157-165;
YEC 2025-2027 Application Table 5.1A-2, PDF page 236; Section 5.4, PDF page 204, and Appendix 5.5A-1, PDF pages 470-471

Issue: **Thermal Replacement (16.5 MW) project**

Preamble: In section 3.1.2 of the Appendix A to Board Order 2025-12, the Board sought additional information about where projects described in Table 1 to Board Order 2025-12 Appendix A were discussed in YEC's 2023-2024 or prior GRAs.

In its June 30, 2025 response to the supplemental information sought in Board Order 2025-12 Appendix A, YEC provided a Table at PDF pages 44-48 that included a description of prior GRA references for the Thermal Replacement (16.5 MW) project at PDF page 44.

YEC recorded a capital addition in 2023 for the Thermal Replacement (16.5 MW) project of $122,400 in 2023 and has forecast a final capital addition in the amount of -$62,219,700 in 2025, reflecting the remaining CWIP balance of $51,703,700 at the end of 2024, plus a further forecast expenditure of $10,516,000 in 2025. Thus, YEC's forecast of final capital additions in respect of the project totals $62,342,100 after the forecast 2025 capital addition.

A breakdown of Thermal Replacement (16.5 MW) project costs provided in Table 5.1A-2, found at PDF 236 of the current application, indicates that the project was previously expected to have a final cost of $60,566,000.

Both YEC's 2023-2024 GRA business case and 2025-2027 business case for the Thermal Replacement (16.5 MW) project indicate that a capital addition in respect of the project in the amount of approximately $18,176,000 was anticipated but did not occur in practice.

Request:

(a) Please explain why the apparent variance of $1,776,100 ($62,342,100 - $60,566,000) between previously anticipated costs and final project costs was not discussed in either Section 5.4 or Appendix 5.5A-1 of the application.

(b) Please provide a detailed breakdown of the project cost forecast used to support the thermal Replacement (16.5 MW) project in YEC's 2023-2024 GRA.

(c) Please provide a brief explanation of forecast versus actual expenditure variances for each of the line-items used in the 2023-2024 GRA forecast document provided in the response to part (b) above.

(d) Please explain what elements of the project were to have been completed as part of the anticipated capital addition in the amount of $18,176,000. Please explain the reason that this did not occur.

YUB-YEC-1-077

Reference: **Board Order 2025-12 Appendix, Table 1, PDF pages 11-12;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF page 44;
YEC 2023-2024 GRA Application, PDF 166-167;
YEC 2025-2027 Application Section 5.4, PDF page 204 and Appendix 5.5A-1, PDF pages 470-471

Issue: **2023 Mayo-Faro Diesel Infrastructure project**

Preamble: In section 3.1.2 of Appendix A to Board Order 2025-12, the Board sought additional information about where projects described in Table 1 to Board Order 2025-12 Appendix A were discussed in YEC's 2023-2024 or prior GRAs.

Table 1 included a reference to a project called "Mayo Mobile Diesel Genset," reflecting the name of project included the 2023-2027 period CWIP continuity schedule filed in the application (Table 5.8). In its June 30, 2025 response to the supplemental information sought in Order 2025-12 Appendix, YEC provided a Table at PDF pages 44-48 that included a description of prior GRA references for a project called the "2023 Mayo-Faro Diesel Infrastructure project." The Board understands that the names "Mayo Mobile Diesel Genset" and "2023 Mayo-Faro Diesel Infrastructure" are referencing the same project. As a result, the Board understands that the actual capital addition amounts for the Mayo Mobile Diesel Genset as noted in YEC's Table 5.8 from the application (capital additions of $5,289,700 and $1,226,300 for the years 2023 and 2024, respectively totalling $6,516,000) can be compared against the forecast for the 2023 Mayo-Faro Diesel Infrastructure project.

Section 5.1A-2 at PDF pages 166-167 from YEC's 2023-2024 GRA (referenced at PDF page 44 of YEC's June 30th response) indicates that the 2023 Mayo-Faro Diesel Infrastructure Project was forecast to cost approximately $4,300,000 and would be completed in 2023.

Request:

(a) Please explain why the apparent variance of $2,216,000 ($6,516,000 - $4,300,000) between the 2023-2024 GRA project forecast and actual 2023-2024 period costs, was not discussed in either Section 5.4 or Appendix 5.5A-1 of the application.

(b) Please provide a detailed breakdown of the $4,300,000 cost forecast used to support the 2023 Mayo-Faro Diesel Infrastructure project in YEC's 2023-2024 GRA.

(c) Please provide a brief explanation of forecast vs. actual expenditure variances for each of the line-items used in the 2023-2024 GRA forecast document provided in the response to part (b) above.

YUB-YEC-1-078

Reference: **Board Order 2025-12 Appendix, Table 1, PDF pages 11-12;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF page 45;
YEC 2023-2024 GRA Application, PDF page 183;
YEC 2025-2027 Application Section 5.4, PDF page 204 and Appendix 5.5A-1, PDF pages 470-471

Issue: **Lewes River Boat Lock Road Access Rebuild project**

Preamble: In section 3.1.2 of Appendix A to Board Order 2025-12, the Board sought additional information about where projects described in Table 1 to Board Order 2025-12 Appendix A were discussed in YEC's 2023-2024 or prior GRAs.

In its June 30, 2025 response to the supplemental information sought in Board Order 2025-12 Appendix A, YEC provided a Table at PDF pages 44-48 that included a description of prior GRA references for the Lewes River Boat Lock Road Access Rebuild project.

YEC recorded a capital addition in 2023 for the Lewes River Boat Lock Road Access Rebuild project of $20,400 in 2023, and has forecast a final capital addition in the amount of $1,640,100 in 2025 reflecting the remaining CWIP balance of $1,440,100, plus a further forecast expenditure of $200,000 in 2025. Thus, YEC's forecast of final capital additions in respect of the project totals $1,660,500 after the 2025 capital addition.

Section 5.1A-13 at PDF page 183 from YEC's 2023-2024 GRA (referenced at PDF page 45 of YEC's June 30, 2025 response) indicates that the Lewes River Boat Lock Road Access Rebuild project was forecast to cost approximately $1,200,000 and would be completed in 2024.

Request:

(a) Please explain why the apparent variance of $460,500 ($1,660,500 - $1,200,000) between the 2023-2024 GRA project forecast and the anticipated final cost was not discussed in either section 5.4 or Appendix 5.5A-1 of the application.

(b) Please provide a detailed breakdown of the $1,200,000 cost forecast used to support the Lewes River Boat Lock Road Access Rebuild project in YEC's 2023-2024 GRA.

(c) Please provide a brief explanation of forecast vs. actual expenditure variances for each of the line-items used in the 2023-2024 GRA forecast document provided in the response to part (b) above.

YUB-YEC-1-079

Reference: **Board Order 2025-12 Appendix, Table 1, PDF pages 11-12;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF page 45;
YEC 2023-2024 GRA Application, PDF page 173;
YEC 2025-2027 Application Section 5.4, PDF 204 and Appendix 5.5A-1, PDF pages 470-471

Issue: **P&C: S250 Callison Protection, Control and SCADA Upgrade project (S250 Callison project)**

Preamble: In section 3.1.2 of Appendix A to Board Order 2025-12, the Board sought additional information about where projects described in Table 1 to Board Order 2025-12 Appendix A were discussed in YEC's 2023-2024 or prior GRAs.

In its June 30, 2025 response to the supplemental information sought in Board Order 2025-12 Appendix A, YEC provided a Table at PDF pages 44-48 that included a description of prior GRA references for the S250 Callison project.

YEC recorded a capital addition in 2023 for the S250 Callison project of $2,158,100 in 2023, and has forecast a final capital addition in the amount of $220,300 in 2025 resulting from the capitalization reflecting the remaining (year-end 2024) CWIP balance of $220,300 and despite no additional expenditures being anticipated in 2025. Thus, YEC's forecast of final capital additions in respect of the project totals $2,378,400 after the 2025 capital addition.

Section 5.1A-6 at PDF page 173 from YEC's 2023-2024 GRA (referenced at PDF page 45 of YEC's June 30, 2025 response) indicates that the S250 Callison project was forecast to cost approximately $2.125 million and would be completed in 2023.

Request:

(a) Please explain why the apparent variance of $253,400 ($2,378,400 – $2,125,000), between the 2023-2024 GRA project forecast and the anticipated final cost, was not discussed in either Section 5.4 or Appendix 5.5A-1 of the application.

(b) Please provide a detailed breakdown of the $2.125 million cost forecast used to support the S250 Callison project in YEC's 2023-2024 GRA.

(c) Please provide a brief explanation of forecast versus actual expenditure variances for each of the line-items used in the 2023-2024 GRA forecast document provided in the response to part (b) above.

YUB-YEC-1-080

Reference: **Board Order 2025-12 Appendix, Table 1, PDF pages 11-12;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF page 46;
YEC 2023-2024 GRA Application, PDF page 212;
YEC 2025-2027 Application Section 5.4, PDF page 204 and Appendix 5.5A-1, PDF pages 470-471

Issue: **Synchronous Condenser Overhaul project**

Preamble: In section 3.1.2 of the Appendix to Board Order 2025-12, the Board sought additional information about where projects described in Table 1 to Board Order 2025-12 Appendix A were discussed in YEC's 2023-2024 or prior GRAs.

In its June 30, 2025 response to the supplemental information sought in Board Order 2025-12 Appendix A, YEC provided a Table at PDF pages 44-48 that included a description of prior GRA references for the Synchronous Condenser Overhaul project.

YEC recorded a capital addition in 2023 for the Synchronous Condenser Overhaul project of $991,800 in 2023.

Section 5.1B-3 at PDF page 212 from YEC's 2023-2024 GRA (referenced at PDF page 46 of YEC's June 30th response) indicates that the Synchronous Condenser Overhaul project was forecast to cost approximately $616,000, and would be completed in 2023.

Request:

(a) Please explain why the apparent variance of $375,800 ($991,800 – $616,000) between the 2023-2024 GRA project forecast and the final cost, was not discussed in either Section 5.4 or Appendix 5.5A-1 of the application.

(b) Please provide a detailed breakdown of the $616,000 million cost forecast used to support the Synchronous Condenser Overhaul project in YEC's 2023-2024 GRA.

(c) Please provide a brief explanation of forecast versus actual expenditure variances for each of the line-items used in the 2023-2024 GRA forecast document provided in the response to part (b) above.

YUB-YEC-1-081

Reference: **Board Order 2025-12 Appendix, Table 1, PDF pages 11-12;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF page 46;
YEC 2023-2024 GRA Application, PDF page 212;
YEC 2025-2027 Application Section 5.4, PDF page 204 and Appendix 5.5A-1, PDF pages 470-471

Issue: **Dawson Distribution 3 Phase Loop (Dawson Loop) project**

Preamble: In Section 3.1.2 of Appendix A to Board Order 2025-12, the Board sought additional information about where projects described in Table 1 to the Board Order 2025-12 Appendix A were discussed in YEC's 2023-2024 or prior GRAs.

In its June 30, 2025 response to the supplemental information sought in Board Order 2025-12 Appendix A, YEC provided a Table at PDF pages 44-48 that included a description of prior GRA references for the Dawson Loop project.

YEC recorded a capital addition in 2023 for the Dawson Loop project of $500,200 in 2023.

Section 5.1B-3 at PDF page 212 from YEC's 2023-2024 GRA (referenced at PDF page 46 of YEC's June 30th response) indicates that the Dawson Loop project was forecast to cost approximately $350,00 and would be completed in 2023.

Request:

(a) Please explain why the apparent variance of $150,200 ($500,200 – $350,000) between the 2023-2024 GRA project forecast and the final cost, was not discussed in either section 5.4 or Appendix 5.5A-1 of the application.

(b) Please provide a detailed breakdown of the $350,000 million cost forecast used to support the Dawson Loop project in YEC's 2023-2024 GRA.

(c) Please provide a brief explanation of forecast versus actual expenditure variances for each of the line items used in the 2023-2024 GRA forecast document provided in the response to part (b) above.

YUB-YEC-1-082

Reference: **Board Order 2025-12 Appendix, Table 1, PDF page 11-12;**
YEC June 30, 2025 Response to Supplementary Information requested in Yukon Utilities Board Order 2025-12, PDF pages 46 and 48;
YEC 2025-2027 Application Section 5.4, PDF 204 and Appendix 5.5A-1, PDF pages 470-471

Issue: **Distribution Upgrades**

Preamble: In Section 3.1.2 of Appendix A to Board Order 2025-12, the Board sought additional information about where projects described in Table 1 to the Board Order 2025-12 Appendix A were discussed in YEC's 2023-2024 or prior GRAs.

In its June 30, 2025 response to the supplemental information sought in Board Order 2025-12 Appendix A, YEC provided a Table at PDF pages 44-48 that included a description of prior GRA references Distribution Upgrade expenditures. However, YEC did not provide a specific 2023-2024 GRA reference for Distribution Upgrade expenditures and, instead, referred to "Note 1." The text of Note 1 states: "The project was included in previous GRAs under the grouped line item with expenditures under $100,000."

YEC's 2023-2027 CWIP continuity schedule (Table 5.8) indicates that actual YEC capital additions for Distribution Upgrades were $210,900 in 2023 and $166,700 in 2024 (totalling $377,600).

Given that Distribution Upgrade expenditures were classified as being part of grouped expenditures under $100,000, this implies that YEC expenditures on Distribution Upgrades during 2023-2024 exceeded YEC's GRA forecast by at least $277,600 ($377,600-$100,000).

Request:

(a) Please explain why the apparent variance of at least $277,600 between the 2023-2024 GRA project forecast and the final cost, was not discussed in either section 5.4 or Appendix 5.5A-1 of the application.

(b) Please provide the YEC Distribution Upgrades cost forecast used to support Distribution Upgrade expenditures forecast in YEC's 2023-2024 GRA.

YUB-YEC-1-083

Reference: **YEC 2025-2027 Application, Major Deferred Project Costs, PDF pages 384, 394, 404 and 412-413**

Issue: **Activities and costs associated with cost categories**

Preamble: In the following table, the Board has accumulated YEC's description, where provided, of the activities related to the cost categories for the project identified along with the total costs allocated to that cost category.

There appears to be a lack of clarity with respect to the quantum of costs for the activities being accumulated within a given cost category. For example, within the cost category of Engagement, the costs range from being related primarily to catering to being costs for a legal consultant. In another example, it is not clear which cost categories contain YEC labour costs, notwithstanding that the cost category of "YEC Internal Costs and Project Management" has identified some amount of YEC labour costs.

Whitehorse Rapids Generating Station (WRGS) **Table 5.2A-2, PDF page 384**	**Aishihik Generating Station (AGS) Relicensing Project** **Table 5.2A-5, PDF page 394**	**Mayo Generating Station (MGS) – Five-Year Renewal Costs** **Table 5.2A-10, PDF page 404**	**Mayo Lake Enhanced Storage Project (MLESP)** **Table 5.2A-14, PDF pages 412-413**
Assessment:	**Assessment & Permitting**	**Assessment:**	**Assessment:**
Costs include creating the TWG's Terms of Reference, completing technical field studies, and developing the YESAA project proposal, the 60-day and 20-year YWB water use licence applications, and the FAA, as well as participation in those assessment and permitting processes (e.g., responses to information requests, providing supplementary materials, and participating in the public hearing).	not provided	Costs cover the project management consultant(s) who coordinate the TWG, and support meetings, technical reviews and manages actions. They also handle reporting, budgeting, procurement, and permitting for the project. Additionally, costs include developing the YESAA project proposal, completing technical field studies and water use licence application and FAA related expenses.	Costs include conducting the environmental and socio-economic baseline studies to support assessment and permitting, development and First Nation/public engagement of the YESAA project proposal, completing development of mitigation, monitoring and adaptive management plans, and public and FNNND engagement costs.
Total Assessment costs per Table 5.2A-2 $6.092 million	Total Assessment and Permitting costs Table 5.2A-5 $8.962 million	Total Assessment costs per Table 5.2A-10 $3.062 million	Total Assessment costs per Table 5.2A-14 $1.189 million
Project Management:	**Project Management**	**Project Management**	**Project Management:**
Costs cover the project management consultant(s) who coordinate the SOG and TWG, support meetings	not provided	Not provided	Costs include internal labour representing staff leadership, participation, and support for activities in

with planning logistics, meeting facilitation and documentation, provide technical reviews of project materials, and manage delivery of group actions. They also handle reporting, budgeting, and procurement for WRGS Relicensing.			the preceding categories (i.e., project management, assessment, engagement and third-party engineering).
Total Project Management costs per Table 5.2A-2 $0.736 million	Total Project Management costs Table 5.2A-5 $0.991 million	Total Project Management costs per Table 5.2A-10 $0.017 million	Total Project Management costs per Table 5.2A-14 $0.140 million
Engagement	**Engagement**	**Engagement**	**Engagement**
Costs involve facility rentals, catering and supplies for SOG meetings and TWG meetings, legal consultants for energy agreement negotiations, legal fees for advice throughout the assessment and permitting process, community engagement events and public engagement materials. Included in Engagement are costs related to the process and payments for individual and community compensation required under the Waters Act (Yukon) and other negotiated benefits to First Nations included in the Energy Agreements.	not provided	Costs involve facility rentals, catering and supplies for SOG meetings and TWG meetings, legal consultants for energy agreement negotiations, legal fees for advice throughout the assessment and permitting process, community engagement events and public engagement materials. Included in engagement are costs related to the process and payments for individual and community compensation required under the Waters Act (Yukon), and other negotiated benefits to First Nations included in the Energy Agreement or other similar instrument.	Costs include support from a legal consultant and support for negotiations with FNNND. The consultant(s) hired to assist with the assessment aided in the facilitation of the public and FNNND engagement; other engagement costs are reflected in the assessment category.
Total Engagement costs per Table 5.2A-2 $2.786 million	Total Engagement costs Table 5.2A-5 $3.010 million	Total Engagement costs per Table 5.2A-10 $1.047 million	Total Engagement costs per Table 5.2A-14 $0.021 million
n/a	**n/a**	**n/a**	**Third Party Engineering**
n/a	n/a	n/a	Costs include consultant costs related to the Mayo Lake outlet channel. They represent the examination of the outlet channel for capacity, determining the mechanisms for sediment recruitment and transport, a functional level design for

			dredging and dredgeate disposal, geophysical and bathymetric surveys, installation, maintenance, and operation of a meteorological station, and some components of the aquatic baseline program focused on the lake outlet species and habitats.
n/a	n/a	n/a	Total Third Party Engineering costs per Table 5.2A-14 $0.458 million
Yukon Energy Internal Costs	**n/a**	**Yukon Energy Internal Costs**	**Yukon Energy Internal Costs**
Costs consist of Yukon Energy staff labour, travel and meal expenses, and support for activities in the preceding categories (i.e., project management, assessment, and engagement).	n/a	Costs consist of Yukon Energy staff labor, travel and meal expenses and facility rentals for public engagement events, as well as staff leadership, participation, and support for activities in the preceding categories (i.e., project management, assessment and engagement).	Internal cost made up of travel, meal expenses, and venue rentals for public engagement events.
Total YEC Internal costs per Table 5.2A-2 $0.377 million	**n/a**	Total YEC Internal costs per Table 5.2A-10 $0.547 million	Total YEC Internal costs per Table 5.2A-14 $0.198 million
Total YEC AFUDC per Table 5.2A-2 $0.617 million	**Total AFUDC per Table 5.2A-5 $2.205 million**	**Total AFUDC per Table 5.2A-10 $0.286 million**	**Total AFUDC per Table 5.2A-14 $0.261 million**
n/a	**Total Contingency costs per Table 5.2A-5 $0.135 million**	**n/a**	**n/a**
Total costs all categories per Table 5.2A-2 $10.608 million	**Total costs all categories per Table 5.2A-5 $15.302 million** Note: These costs are the total of all 3-years, 5-year and long-term licence). The actual and forecast costs for the AGS 25-year license renewal of $9.770 million can be found in Table 5.2A-2 on PDF page 385.	**Total costs all categories per Table 5.2A-10 $4.959 million** Note: excludes portion of costs transferred from Mayo Lake Enhanced Storage Project (MLESP)	**Total costs all categories per Table 5.2A-14 $2.267 million** Note: excludes portion of costs transferred to Mayo Generating Station (MGS) – Five-Year Renewal Costs)

Request:

(a) As a project proceeds, what oversight does YEC undertake to ensure the costs incurred are required, reasonable, and being allocated to the correct cost category?

For the following IR parts specific to the AGS relicensing project, YEC should provide the requested information by cost category as requested, but only related to the portion of the costs specific to the AGS 25-year licence renewal (in a total amount of $9.770 million which was not broken down by cost category in Table 5.2A-2). For the three other projects, cost information provided by YEC accords with the cost category and, therefore, the provided total cost information can be further detailed as requested:

(b) Based on the descriptions provided within each cost category for each of the four projects, please provide a breakdown of the costs for each of the main activities identified within the cost category.

(c) Please provide additional information on YEC's engagement program with respect to how "costs related to the process and payments for individual and community compensation required under the Waters Act (Yukon), and other negotiated benefits to First Nations included in the Energy Agreement" are determined.

(d) Referring to the responses to part (b) and (c), in light of YEC's proposed increase in employee complement (of approximately 25 FTEs),[7] please identify which of the costs identified as stemming from the use of consultants could, in the future, be performed by one or more of the proposed new employees.

YUB-YEC-1-084

Reference: **YEC 2025-2027 Application, MLESP, PDF pages 404, 412-413; Tab 5 tables 2025-27 GRA Supplementary, Tab 5.8 – 2023-2027**

Issue: **Cancelled Mayo Lake Enhanced Storage Project (MLESP)**

Quote: PDF page 404, footnote 10:

"[10] In February 2022, the Yukon Energy Board approved including the activities required to remove the Mayo Lake Control Structure coffer dam remnants in the Mayo water use licence renewal project description and applications for the YESAB, YWB, and DFO processes as part of the broader relicensing for the MGS. Removal of the coffer dam remnants, which was previously part of the MLESP, will provide at least 1.7 GW/year additional renewable energy on average without any MGS water use licence changes to enhance Mayo Lake storage. This approach will allow for consideration of additional options in the future, such as dredging the outlet channel of Mayo Lake and a change in the LSL of Mayo Lake, should they be appropriate.

PDF page 412:

Full costs of the MLESP by year, after transfer of applicable costs to the MGS

[7] YEC 2025-2027 Application, PDF page 70.

Relicensing Project, are detailed in the table below. The total rate base impact is $2.267 million. The other $2.336 million of costs were transferred to the MGS Relicensing Project.

PDF page 413:
For regulatory purposes, Yukon Energy sees two possible accounting treatments going forward for the remaining MLESP costs of $2.267 million.

1) The MLESP costs could be kept in WIP until the remaining portion of the original project, the removal of the coffer dam, has been completed. The expected completion timing of this is uncertain. The effect of this is the project would continue to accrue AFUDC for several years, based on the time required for completion of the MGS water use licence and then construction for removal of the coffer dam.

2) Yukon Energy could transfer the $2.336 million of costs applicable to the MGS Relicensing Project to that project and close the MLESP. AFUDC on the Mayo Lake Storage project would cease when there was little-to-no probability it would offer a net economic benefit to ratepayers.

Yukon Energy believes the appropriate accounting treatment is alternative 2 (transfer coffer dam removal costs applicable now to the MGS Relicensing Project and close the MLESP) based on the YUB prior decision on the Southern Lakes Storage Project.

Yukon Energy had reason to believe that there was a reasonable probability that the MLESP would proceed until February 2022; however, after receiving the letter from FNNND and assessing the options, Yukon Energy no longer had a reasonable basis for assuming that the MLESP components other than the coffer dam removal would likely be able to proceed at this time."

Request:

(a) Referring to footnote 10 at PDF page 404, how does YEC's statement that, "in February 2022, the Yukon Energy Board approved including the activities required to remove the Mayo Lake Control Structure coffer dam remnants…" impact YEC's proposals with respect to MLESP in the current application?

(b) Please explain how YEC has recorded the $2.267 million in costs related to the "close" of the now cancelled MLESP project; specifically, whether the costs have been reflected in YEC's revenue requirement as being either capitalized or expensed. Please provide a reference to all schedules within YEC's application that illustrates the accounting treatment identified.

(c) On what basis did YEC determine that $2.336 million in coffer dam remnant removal costs should be capitalized to the Mayo Generating Station (MGS) project? In what year

were these costs incurred? How do these "removal costs" meet YEC's criteria for capitalization in the year in which they were incurred?

(d) Referring to Tab 5 tables 2025-27 GRA Supplementary, Tab 5.8 - 2023-2027, please confirm that the offset to the 2024 credit of $2.3782 million actual capital expenditure shown on row 50 is included in the 2024 debit of $4.1694 million actual capital expenditure shown on row 53. If not confirmed, please identify where the offset to the $2.3782 million credit amount is included.

YUB-YEC-1-085

Reference: **YEC 2025-2027 Application, Table, 5.2-8, Section 5.1B-5: Overhauls, PDF pages 199, 353-368**

Issue: **Overhauls**

Quote:

Overhauls – The total 2025 through 2027 rate base increase from overhauls approximates $7.8 million, excluding any depreciation or amortization deductions. Rate base additions relate to the projects in Table 5.2-8:

Table 5.2-8:
Overhauls >$400,000 and <$2 Million Added to Rate Base

Project	Forecast Cost ($M)	In-service
MBH1 Overhaul	$1.600M	2026
MBH2 Overhaul	$1.597M	2025
WG1 30,000 Hour Overhaul	$1.520M	2025
WG3 30,000 Hour Overhaul	$1.520M	2026
DD4 Overhaul	$0.975M	2025
WG0 Major Plant Overhaul	$0.560M	2025

Preamble: In Table 5.2-8 and Section 5.1B-5, YEC has provided details of several overhaul programs for hydro units or various types of engines.

Request:

(a) Please clarify if YEC maintains a schedule of upcoming overhauls that is used for forecasting purposes?

(b) If part (a) is confirmed, please provide YEC's overhaul schedule. Otherwise, please explain how YEC plans for overhauls in terms of forecasting cost, the need for manpower, and estimate of completion time.

YUB-YEC-1-086

Reference: **YEC 2025-2027 Application, PDF page 480**

Issue: **LWRF Account**

Quote: …. YEC is directed to populate and provide the following table for each year since 1989 regarding the LWRF balance as part of its compliance filing to this Board Order and to continue to provide updates to this table as part of it future general rate applications.

Preamble: The above quote comes from Appendix A to Board Order 2024-05 (PDF page 89, paragraph 386). In this application YEC stated "The table, as directed by the Board, is provided as part of the annual LWRF filings with the Board."

Request:

The Board directed that the aforementioned table is to be updated and be part of future general rate applications. Please provide the table as directed.

YUB-YEC-1-087

Reference: **YEC 2025-2027 Application, PDF pages 481-482 and Footnote 1.**

Issue: **LWRF and Fish Lake Hydro**

Quote: PDF page 481-482:

Prior to OIC 2021/16, as noted in the above reference to Board Order 2014/16, Yukon Energy GRAs have sought to apply LTA hydro generation for Fish Lake hydro when determining the wholesale firm purchases by AEY, applying the same LTA principles as Yukon Energy used to forecast its own hydro and thermal generation for GRA purposes. The Board approved this use of LTA for Fish Lake hydro generation when Yukon Energy GRA's provided for the use of LTA Fish Lake hydro in its filing.

Yukon Energy understands that OIC 2021/16 now requires the use of LTA for any renewable generation forecasts in a Yukon Energy GRA, and that this requirement includes the use of LTA for Fish Lake hydro forecasts used to forecast Yukon Energy wholesale sales requirements that directly impact the forecast of Yukon Energy forecast generation and related forecast thermal generation for test year revenue requirements.

Footnote 1:

The OIC 2021/16 amendment to OIC 1995/90, in Section 9.1, subsection 3, directs that when the Board is determining forecast fuel costs for the forecast thermal generation needed to meet forecast customer requirements (per subsection 2) "…the Board must determine the forecast fuel costs for a financial year of Yukon Energy Corporation by (a) forecasting the amount of renewable generation available to contribute to meeting forecast customer requirements, based on long-term average annual renewable source availability; (b) forecasting the amount of thermal generation needed to meet any shortfall between the forecast renewable generation under paragraph (a) and forecast customer requirements."

Request:

(a) Does AEY generation first serve AEY load?

(b) If part (a) is affirmative, then, in principle, are AEY wholesales determined by AEY total load less AEY generation less IPP connected to AEY system less microgeneration connected to the AEY system? Please explain.

(c) If the above parts are true, then should Fish Lake be treated as a net to AEY wholesale sales?

(d) If part (c) is true, then, as OIC 2021/16 is only applicable to YEC, shouldn't the forecast for Fish Lake be based on the expected generation for the test period (not LTA)? Please explain.

(e) Similarly, should any generation not owned by YEC that is directly connected to the AEY system be treated as an offset to wholesale sales? Please explain.

YUB-YEC-1-088

Reference: **YEC 2025-2027 Application, Tab 7 Schedules 2 and 2A, PDF pages 493-494.**

Issue: **Working Capital**

Preamble: The Board requests more information on the derivation of working capital.

Request:

(a) Line 4 of Schedule 2 is described as 27/365. Please describe what this represents, when it was first used and what review has been undertaken since this number was implemented.

(b) Line 4 of Schedule 2 is described as inventory (three-year average). Where are the inventory numbers derived from? What is the composition of YEC's inventory? For an annual calculation of working capital, why is a three-year average used?

(c) For Schedules 2 and 2A please provide the final 2024 actual numbers

(d) For Schedule 2A, please provide a variance explanation for line 1 (expenses subject to GST) comparing 2024 final actuals to 2024 GRA compliance.

(e) For Schedule 2A, please explain the derivation of the amounts "expenses subject to GST".

(f) For lines 4 and 9 (day factor, please explain how theses numbers were derived and the process used to check the continued validity of those numbers.

(g) Has YEC ever undertaken a lead-lag study for working capital calculations? Please explain.