

**YUKON UTILITIES CONSUMERS' GROUP (UCG)**

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Yukon Utilities Board

Box 31728

Whitehorse, Yukon Y1A 6L3

Attention: Deana Lemke and YUB Board Members

**Re: Yukon Energy Corporation – YEC EPA  
UCG Reply to YEC Response on N of M**

Dear Ms. Lemke:

As per Board notification, the Yukon Utilities Consumers' Group (UCG) hereby files our reply argument on this motion.

The YEC response does not satisfy our concerns that the EPA conditions precedent, which identify the risks associated with bringing the EPA into legal force, are left unanswered.

UCG submits that the uncertainties of not knowing the final outcomes of these conditions render this board process moot.

In the proposed YEC Atlin Hydro Expansion Project Page 26, YEC states: *"There is some uncertainty with respect to what, if any impact the EPA may have on YECs balance sheet (i.e., rate base)." How and who and how much the EPA/THELP is funded and how the remaining construction costs are secured is crucial to determining this situation.*

In UCG-YEC-1-2 d) where UCG asks YEC to confirm that the EPA and Atlin Hydro Project will not affect the rates, YEC states: *"YEC cannot provide useful estimates at this time for overall revenue requirements and rates for test years during the Atlin EPA term , and therefore cannot estimate future YEC income from sales of 34GWh/year during this period or whether there will be rate increase requirements associated with the EPA during this period ." This sends up red flags? If the YEC can forecast how much they will need to pay the provider, then certainly they can forecast how much income they will receive from the sales of their product resulting from this contract.*

Even the YEC admits in "***Construction and Commissioning*** Once the *Amended EPA Conditions Precedent* are completed, YEC costs and customer rates are not affected by THELP's cost and funding risks related to construction and commissioning of the Project." <sup>1</sup> (emphasis added)

**How can the Board determine insight into its decisions and the consequences on how this may effect rates when they do not have all the pertinent risk information?**

As for the timing schedule argument, this is also moot as the Board can notify/request the Minister responsible that the time line be extended as all the information the board needs to make informed decisions is not yet available.

UCG notes that there is no urgency required for the Board to go forward with the hearing as scheduled as the Environmental Authorization appears not to come into effect until March 31, 2023. Certainly the THELP will not move forward with the construction of the transmission line until they receive their authority from the YESAB. Accordingly it is unlikely they will commence work on the generating facility until they have the go ahead for the transmission line as not having this in place would leave a stranded asset.

Regards,

Roger Rondeau, UCG

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<sup>1</sup> YEC Submission Sec. 4.3 p. 35