August 23, 2018

Yukon Utilities Board
Box 31728
Whitehorse, YT Y1A 6L3

Attention: Deana Lemke
Executive Secretary

Dear Ms. Lemke:

Re: Yukon Energy Corporation ("YEC")
2017-2018 General Rate Application
Reply Argument

ATCO Electric Yukon ("AEY") hereby submits the enclosed Reply Argument.

If you have any questions or concerns, please contact me at (780) 420-5449 or chris.cullingham@atco.com.

Yours truly,

Chris Cullingham
Manager, Regulatory

CC/by
Encl.

REPLY ARGUMENT OF ATCO ELECTRIC YUKON

I. INTRODUCTION

1. Having reviewed the arguments filed by the Applicant, Yukon Energy Corporation ("YEC"), and the Interveners, the City of Whitehorse ("COW"), the Utilities Consumers' Group ("UCG"), and John Maissan ("Maissan") (together the "Interveners"), ATCO Electric Yukon ("AEY") respectfully submits the following arguments in reply. AEY's silence on any issues not raised in this Reply Argument should not be interpreted as concurrence with any matters raised in the Application or other parties' Arguments.

2. Given AEY's significant interest in the conduct of proceedings before this Board and the Board's process in respect thereof, AEY is compelled to raise certain procedural concerns with the Board notwithstanding that the Application before the Board is not AEY's. AEY submits that any request or recommendation[1] for the Board to provide direction to AEY through a YEC Decision would be inappropriate and must be denied.

3. Furthermore, AEY notes that UCG's Argument makes these sweeping policy statements and recommendations to the Board without any support for, or analysis of any potential costs and benefits of such recommendations.

II. ARGUMENT

A. Wholesale Forecast

4. The Interveners' arguments discussed the Wholesale forecast and, generally, there appears to be an increased desire for AEY and YEC (the "Utilities") to cooperate and/or coordinate on

[1] For examples:
- Para 5 of 674: UCG discusses a requirement for AEY and YEC "to file annual consolidated operating costs"
- Para 8 of 674: UCG requests the Board direct AEY to be "more forthcoming with requested information".
- Para 12 of 674: UCG requests joint revenue requirement filings for the two utilities.

forecasts[2]. The Interveners' requests and recommendations could impact AEY to varying degrees, so AEY submits the following comments for the Board's consideration:

1) AEY prepares a non-GRA forecast and a GRA forecast differently. Generally, a GRA forecast undergoes more testing and scrutiny and involves more iterations. As indicated in the proceeding, the Utilities have different risk profiles and responsibilities that significantly affect their business requirements. Thus, the timing of GRAs, and therefore the need for GRA forecasts, for the Utilities differs substantially. As YEC argues, the Utilities do coordinate for the Wholesale forecast[3] (to the extent possible), however, AEY submits it cannot support the iterative process involved with preparing a GRA forecast for YEC's GRAs (or potential GRAs). Likewise, AEY submits it cannot provide an expert witness to defend a GRA forecast for YEC per YEC's business requirements.

2) The Utilities accept the risk for their sales forecast, thus it is important that liability for the forecast rests with each respective utility. AEY does not believe it should be compelled to accept a forecast it did not prepare and, similarly, while AEY's last-approved forecast might inform this proceeding, AEY does not believe that YEC should be forced to accept AEY's forecast on strictly on the basis that it was the last-approved forecast.

5. Notwithstanding the comments above, AEY submits that any Board direction compelling a common Wholesale forecast between the Utilities would not forgo the need for AEY's Purchase Power Flow Through Deferral Account related to any Wholesale price changes (including costs associated with the DCF or ERA).

[2] Maissan Argument, para 1 & 2. COW Argument, para 39. UCG, para 18.
[3] YEC Argument, page 16.

B. Streetlight conversions from HPS to LED

6. UCG argues there is insufficient evidence to determine whether streetlight conversions from HPS to LED were prudent[4]. AEY's Argument's focus is on how the LED conversion costs should be treated from a utility investment policy and customer requirements perspective.

7. As such, AEY requests:

    1) If YEC's streetlight conversions are determined prudent, the Board incorporate the streetlight conversion project costs into YEC's rate base, without the end-of-life requirement described in Board Order 2017-01; and

    2) The Board confirm the replaced streetlights should treated according to a traditional accounting method for retirements (i.e. depreciation or contribution).

C. DCF and ERA

8. In Argument, AEY discussed reasons for why it believes ERA invoices have the potential to be material, and therefore requested the Board direct any future ERA payments from AEY to YEC be made payable as the amount is collected from ratepayers for associated ERA amounts, for example, via AEY's approved Rider S.

9. AEY believes this would help mitigate expected future issues with an annual, unpredictable, material ERA cash expense. Particularly, AEY is concerned the carrying costs associated with a large cash outlay will be incurred and need to be recovered from ratepayers.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 23th day of August, 2018.

[4] UCG Argument, page 71, para. 486 – 492.