In the Matter of

Yukon Utilities Board 2023-09

Low Water Reserve Fund Annual Report

and Energy Reconciliation Adjustment Filing

UCG Final Comments

Yukon Utilities Consumers' Group (UCG)

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UCG Final Comments on 2022 LWRF

1. It is the UCG's understanding of the function of a GRA is to set a revenue requirement for the upcoming test years? Here, the YEC uses forecasts to determine loads, hydro generation, thermal generation as well as their associated costs to operate and maintain.

2. Part and parcel of a revenue requirement is Fuel Costs. Table 1.1-1 2021 GRA 2021, YEC Compliance Filing, April 14/2022, the LTA Thermal Generation was calculated to be 85,930,000kW.h. Fuel Prices used was LNG $0.1814/kWhr. and diesel weighted average $02051/kWhr.[1]

3. Using this amount of generation and presumably a 90/10 ratio for LNG/Diesel, proceeding calculations from this table, determined the total fuel cost was forecast to be $15.788 million excluding maintenance run-ups.

4. Accordingly, this amount of $15.788 million was added to the revenue requirement for 2021, as well as the 2022 test years. And presumably going forward until YEC files their next GRA.

5. Since this is forecast, there is most often a variance in the actual thermal generation amounts and costs. In other words, ratepayers over paid or under paid for thermal costs in the revenue requirement for the test years and going forward.

6. The purpose of the LWRF is to act as a deferral account for these variances in thermal (diesel, LNG and other thermal) generation cost impacts caused by fluctuations of renewable generation due to changes

[1] Order 2022-03- Yukon Energy Compliance Filing; Appendix 1.1—Supporting Tables; p.1.1-1

from long-term average and annual renewable source availability (not including thermal generation costs due to equipment failure, force majeure, capital projects, or planned maintenance events). [2]

7. The LWRF "calculates the thermal generation savings (excess) on an annual basis for the variance between actual thermal generation and LTA thermal generation at the actual YIS load. The actual YIS load for this assessment is net of long-term average annual (i.e. expected availability for all renewable sources other than YEC generation, including Fish Lake hydro, and IPP renewable generation."[3]

8. As well, OIC 2021-16 in its lawyer speak states:

> (4) After each financial year of Yukon Energy Corporation, the Board must review and approve the difference between the following:
> (a)the fuel costs for the amount of thermal generation needed to meet actual customer requirements for the financial year as a result of any shortfall between the actual renewable generation and the actual customer requirements;
> (b)the fuel costs for the amount of thermal Generation that would have been needed to Meet actual customer requirements for the financial year if renewable generation had been consistent with long-term average annual renewable source availability.[4]

[2] Taken from the Yukon Energy Low Water Reserve Fund April 2021
[3] Ibid
[4] Yukon Canada, Order-in-Council 2021/16 Public Utilities Act

9. Now turning to the 2022 LWRF Term Sheet, the YEC Net Thermal Generation for 2022, L17 (metered) was 39,205,000kWh.

10. The variance between what YEC received from the fuel amounts in the GRA revenue requirement and what they used is 46,725,000kWh. (85,930,000-39,205,000).

11. Since the Fuel Cost calculation for the revenue requirement forecast was the 90/10 ratio, this same ratio must be used for the final cost transfer to the LWRF to make this an accurate variance.

12. Total cost difference in thermal amounts from LTA to actual
=46,725,000kWh.
Fuel prices: 90% LNG= (42,052,500 x $0.1814)
= $7,628,324
Weighted Average 10% Diesel= (4,672,500 x $0.2051)
= $958,330
Total Thermal Generation Cost to refund LWRF
= $ 8,586,654.

13. As UCG has submitted throughout these processes on the LWRF, the Term Sheet (and its YECSIM model) obfuscates, confuses, and results in inaccurate accounting. It should be discontinued for determining the LWRF calculations for this 2022 process and a simple fuel cost reconciliation method like done in table 1.1-1 be used. This should be the case moving forward for the LWRF.

14. Accordingly, the amounts for LWRF should be carefully scrutinized by the Board and modified to observe the facts demonstrated above.