IN THE MATTER OF YUKON ENERGY 2022 LWRF REPORT AND ERA

Yukon Energy Corporation Reply to Intervenor Comments

May 26, 2023

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1.0 INTRODUCTION

Yukon Utilities Board ("YUB" or "Board") Order 2022-07 issued on July 12, 2022, approved the Low Water Reserve Fund (LWRF) Term Sheet which requires a LWRF Annual Report be filed with the Board for approval within 60 days of the close of the year.

The filing of the 2022 LWRF Annual Report and ERA was delayed due to an ongoing review of the 2021 LWRF Annual Report and ERA which was finalized with the YUB Order 2023-07 issued on April 4, 2023.

Accordingly, on April 13, 2023, Yukon Energy Corporation ("YEC" or "Corporation") filed the 2022 LWRF Annual Report and ERA with the Board, prepared pursuant to the approved LWRF Term Sheet, seeking the Board's approval of LWRF transfers as well as LWRF balances as provided in Attachment 1 of that filing. In the same filing, YEC included, for the Board's approval, the 2022 ERA calculations resulting in a $0.170 million ERA payment from ATCO Electric Yukon ("AEY") to YEC for 2022.

On April 27, 2023, with its Order 2023-09 the Board noted that it considers the LWRF and ERA submission as an application and will decide by way of a written proceeding. The Board established a schedule for the proceeding with Information Requests (IR) from interested parties on the YEC LWRF and ERA submission by May 9, 2023, YEC's responses to the IRs by May 16, 2023, final comments from interested parties by May 23, 2023 and reply comments from YEC by May 30, 2023.

YEC received IRs from the YUB as well as from Utilities Consumers' Group ("UCG"). YEC provided responses on May 16, 2023, with revised responses to two questions on May 19, 2023 as per YUB Order 2023-10.[1]

2.0 COMMENTS FROM THE INTERVENOR

On May 23, 2023, UCG provided its final submission [UCG refiled its submission on May 24, 2023 with some corrections]. UCG's comments focus on the 2022 LWRF; UCG did not provide any comments regarding the 2022 ERA determinations.

UCG Comments on 2022 LWRF

- UCG poses a question stating, "it is the UCG's understanding of the function of a GRA is to set a revenue requirement for the upcoming test years?" [UCG comment #1].
- UCG recalculates the LWRF transfer for 2022 as the difference between the 2021 GRA approved LTA thermal at 85.930 GWh and the actual net thermal at 39.205 GWh [UCG comments #9 through #12].
- In its calculation, UCG uses the 90/10 LNG/diesel fuel mix to arrive at $8.587 million LWRF transfer for 2022 [UCG comment #12].
- UCG also submits that "the LWRF, the Term Sheet (and its YECSIM model) obfuscates, confuses, and results in inaccurate accounting" and "it should be discontinued for determining the LWRF calculations for this 2022 process and a simple fuel cost

[1] In its Order 2023-10 the YUB directed YEC to provide revised responses to UCG-YEC-1-1 (k) and YUB-YEC-1-1 (g).

reconciliation method like done in table 1.1-1 be used" and states that "this should be the case moving forward for the LWRF" [UCG comment #13].

- UCG submits that "the amounts for LWRF should be carefully scrutinized by the Board and modified to observe the facts demonstrated above" [UCG comment #14].

YEC reply:

At the outset, it should be noted that this is a narrow-scope proceeding that focuses only to review 2022 LWRF transfers in accordance with the LWRF Term Sheet as well as 2022 ERA determinations. This proceeding does not deal with the GRA or test year revenue requirements nor does it intend to revisit or review the LWRF Term Sheet itself.

- UCG challenges the LWRF Term Sheet, but does not provide any evidence that the 2022 LWRF calculations and transfers are not in accordance with the LWRF Term Sheet.
- UCG's LWRF transfer calculation using the variance between 2021 GRA approved LTA thermal at 85.930 GWh and the actual net thermal at 39.205 GWh is not in accordance with the LWRF Term Sheet, and therefore, is without merit. By doing so, UCG introduces a new methodology for calculating the LWRF transfers.
- These submissions by UCG are not only outside of the scope of this proceeding, but also clearly ignore the OIC 2021-16 requirements as referenced by UCG in its comment #8 as well as the LWRF Term Sheet approved by the YUB.
- By using the 90/10 LNG/diesel fuel mix in its calculation, UCG also ignores the constraints noted in the LWRF Term Sheet regarding fuel mix when setting LWRF transfers. YEC provided detailed explanations regarding fuel mix when setting LWRF transfers in responses to YUB-YEC-1-1 (b), YUB-YEC-1-2 (a) and (b), and YUB-YEC-1-3 (g) Revised.
- UCG's submission regarding using "a simple fuel cost reconciliation method like done in table 1.1-1", is also without merit. Again, it introduces a new methodology for calculating LWRF transfers which is outside of the scope of this proceeding.

For the reasons noted above, UCG's submission should be rejected and the LWRF and ERA should be approved as filed as it has been completed in accordance with the approved LWRF Term Sheet.