



THE YUKON ELECTRICAL COMPANY LIMITED

An **ATCO** Company

RIDER D – DIESEL GENERATION ENERGY COST RECOVERY RIDER

Yukon Electrical Company Limited (“YECL”) hereby submits an application to the Yukon Utilities Board (Board), pursuant to the Public Utilities Act (Act), for an order approving the implementation of a Diesel Generation Energy Cost Recovery Rider (Rider D) as part of the joint Yukon Energy and Yukon Electrical 2009 Phase II Application filed on February 19, 2010.

1. Background

In Yukon Electrical’s 2008-2009 General Rate Application (GRA) dated April 30, 2008, Yukon Electrical requested approval of a deferral account to deal with variances between the actual and forecast cost of purchase power for the hydro zone during the period when diesel generation is on the margin and when the approved run-out rate set out under the Energy Reconciliation Adjustment (ERA) in Rate Schedule 42 is different than the rates used to determine the forecast cost of purchase power for diesel generation. The Board approved Yukon Electrical’s proposed deferral account treatment in Order 2009-2, dated February 12, from Yukon Electrical’s 2008-2009 GRA¹. This deferral account is intended to recognize the differences between the actual purchases of energy requirements when diesel is on the margin and the forecast collection of costs from customers. This deferral account will ensure that increases or decreases to the run-out rates will be flowed through to Yukon customers.

2. Details of the new Rider D

In Yukon Electrical’s 2008-2009 GRA, the energy component of the purchase power forecast was determined by applying Yukon Energy’s wholesale rate to the total forecast energy (kWh) purchases. Yukon Electrical’s purchase power forecast was

¹ Yukon Electrical 2008-2009 General Rate Application, Section 3 – Purchase Power



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1 approved in Board Order 2009-2 from Yukon Electrical's 2008-2009 GRA and Board
2 Order 2009-5 from the subsequent Compliance Filing.

3 The cost of purchase power as set out in the approved forecast is based on the supply
4 to customers from existing Hydro generation sources. As a result, subsequent charges
5 to Yukon Electrical from Yukon Energy when the Energy Reconciliation Adjustment
6 (ERA) from Rate Schedule 42 is invoked is collected in the Board approved deferral
7 account relating to the increases or decreases to the cost of purchases power. This
8 deferral account will ensure that unforecasted diesel costs incurred by Yukon Energy
9 that is flowed through to Yukon Electrical via the ERA are flowed through to Yukon
10 customers.

11 Currently, Yukon Electrical does not have a Board approved Rider to facilitate the
12 dispensation of the balances tracked in the Board approved wholesale purchase power
13 deferral account. As a result, Yukon Electrical is requesting Board approval to allow
14 Yukon Electrical to invoke its proposed Rider D – Diesel Generation Energy Cost
15 Recover Rider as an adjustment that shall be applicable to all Yukon customers. Yukon
16 Electrical proposes to include the new Rider D as part of the Yukon rate schedules.
17 Yukon Electrical's proposed Rider D is intended to reflect the nature of Riders used in
18 other similar jurisdictions such as Northland Utilities (NWT) Limited Rider I – Diesel
19 Generation Rider. As a result, when Yukon Energy charges Yukon Electrical for
20 wholesale purchases per the ERA from Rate Schedule 42, Yukon Electrical proposes to
21 flow through these charges to Yukon customers (per Rate Schedule 42). Yukon
22 Electrical does not propose to apply Rider D to customers served on Rate Schedule 32
23 Secondary Energy and Rate Schedule 40 Maintenance Energy. It is important to note
24 that in the YEC/YECL joint 2009 Phase II Application, it is proposed that Rate Schedule
25 40 be discontinued.

26 At this time, subject to review of the monthly deferral account balance, Yukon Electrical
27 proposes that any reconciliation of Rider D will occur on an annual basis and applied as



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1 an adjustment to the monthly retail rates based on a ¢/kWh charge or refund. Currently,
2 Rider D is proposed to be set at 0.00 ¢/kWh, as shown in Attachment 1.

3 In order to facilitate the implementation of Rider D, Yukon Electrical also proposes to
4 amend the Energy Reconciliation Adjustment (ERA) provision set out in Rate Schedule
5 42 in order to clarify the manner in which Rate Schedule 42 is intended to operate with
6 the new Rider D. Yukon Electrical proposes to amend the ERA provision as follows
7 (with Word Revision tracking): Attachment 2 sets out Rate Schedule 42 reflecting the
8 proposed amendment.

9 Energy Reconciliation Adjustment per Rate Schedule 42

10 Charges to YECL will be ~~periodically~~ adjusted on a monthly basis to
11 reconcile actual wholesale purchases to test year forecast purchases
12 during the months when diesel generation is on the margin for the WAF
13 system. To the extent that actual wholesale purchases fall short or
14 exceed forecast wholesale purchases, an adjustment to the YECL bills will
15 be made at a rate equal to the Board approved ~~run-out~~ rate. ~~for~~
16 ~~non-government residential service for the Hydro zone~~. Such adjustment
17 for shortfalls in actual wholesale purchases will be limited to minus 10% of
18 the forecast wholesale purchases in any period.

19 Accordingly, Yukon Electrical is requesting approval to implement the new Rider D
20 Diesel Generation Energy Cost Recover Rider as a placeholder to flow through the
21 actual cost of purchase power for the hydro zone during the period when diesel
22 generation is on the margin that has not been forecasted, and amendments to the ERA
23 provision in Rate Schedule 42. All of which is respectfully submitted this 1st day of
24 March, 2010.

RIDER D

DIESEL GENERATION ENERGY COST RECOVERY RIDER

AVAILABLE: To all electric service throughout the Yukon Territory.

APPLICABLE: To all classes of service.

RATE: Service will be rendered at the applicable rates with the following surcharge/(refund) to collect wholesale purchase costs incurred when diesel generation on the margin for the Hydro zone is greater or less than the forecast as billed from YEC per the Energy Reconciliation Adjustment set out under Rate 42.

An adjustment will be applied based on a 0.00¢ per kW.h charge or refund to all kWh consumed.

NOTE: This Rider will be reviewed and updated annually to dispense of deferral balances related to wholesale purchase costs incurred when diesel generation on the margin for the Hydro zone is greater or less than the forecast as billed from YEC.

Rider D does not apply to Rate Schedule 32 Secondary Energy and Rate Schedule 40 Maintenance Energy.

RATE SCHEDULE - 42

WHOLESALE PRIMARY

AVAILABLE: To The Yukon Electrical Company Limited.

APPLICABLE: For wholesale primary supply to The Yukon Electrical Company Limited.

RATE: Energy Charge

All Energy consumed at:

per 2009 Phase II Application ¢ per kW.h

Energy Reconciliation Adjustment

Charges to YECL will be adjusted on a monthly basis to reconcile actual wholesale purchases to test year forecast purchases during the months when diesel generation is on the margin for the WAF system. To the extent that actual wholesale purchases fall short or exceed forecast wholesale purchases, an adjustment to the YECL bills will be made at a rate equal to the Board approved rate. Such adjustment for shortfalls in actual wholesale purchases will be limited to minus 10% of the forecast wholesale purchases in any period.

**ELECTRIC
SERVICE
REGULATIONS:**

The Company's Electric Service Regulations approved by the Yukon Utilities Board form part of this rate schedule and apply to the Company and every customer supplied with electric service by the Company in the Yukon and British Columbia. Copies of the Electric Service Regulations are available for inspection in the offices of the Company during normal working hours.