ATCO Electric Yukon (AEY) 2023-24 GRA

Information Requests of AEY
from
John Maissan

Cover letter to 2023-2024 Application

JM-AEY-1-1	Page 1 of 4, Proposed rate changes: (a) Please clarify whether AEY is proposing to absorb the 2023 cost difference between the 2017 YUB approved price for diesel fuel and the actual price paid by AEY. (b) If AEY is not proposing to absorb the cost difference referred to in (a) above, please confirm that this cost will be passed on to ratepayers in the 2023-2024 GRA period. (c) If the diesel fuel cost difference referenced above is to be passed on to ratepayers, please confirm that the rate <u>increase</u> required for AEY to recover its proposed 2023 expenses is 3.3% as shown in Table 1.
JM-AEY-1-2	Application page 2 of 4 Terms and Conditions of Service (a) Statistics Canada website (accessed August 14, 2023) states that the January 2011 monthly consumer price index for all items for Whitehorse Yukon was 115.9 and for June 2023 was 156.4. This represents an increase of about 34.94%. Would AEY object to the YUB raising the maximum company investment levels in Schedule B parts (a) and (b) by this percentage effective immediately? This would not prevent AEY and YEC from having discussions on the more complicated and substantive portions of the Terms and Conditions of Service and bringing a comprehensive proposal to the YUB in 2024.

AEY letter responding to comments on AEY's request for interim rates

JM-AEY-1-3	AEY letter page 4 of 8: "AEY submits that all parties have sufficient opportunity on a regular basis to review and assess AEY's operations through the annual filing process and as demonstrated through the Rate Relief Application, material issues and items that arise can be addressed in a limited scope between fulsome applications as needed." (a) Is it AEY's view that the Yukon Utilities Board has the legal authority to require AEY to come before it with either a limited scope application or a full GRA? Please explain. (b) Regardless of the answer to (a) above, if the Yukon Utilities Board requested AEY to come forward with either a limited scope application or a full GRA in a non-test year, would AEY comply with the request?

	(c) Is it AEY's view that the Yukon Utilities Board is either required to or has the responsibility to review AEY's annual and other filings submitted to the Board? Please explain. (d) Can the Yukon Government require AEY to come before the Yukon Utilities Board with either a limited scope application or a full GRA? Please explain.

Application Section 1 Introduction

JM-AEY-1-3	Page 1-2 Table 1.1 inflation rates: (a) Please provide the corresponding inflation rates for the period 2008 to 2017 inclusive.
JM-AEY-1-4	Page1.4 Table 1.2 (a) AEY retail revenues of $62.203 million and $64.152 million for 2023 and 2024 respectively appear to exclude the portion of the cost for fuel presently collected through Rider F. Is it a correct reading of Schedule 2.1 that the requested rate changes <u>including</u> the cost of fuel would result in AEY retail revenue requirements of $64.690 million and $71.736 million for 2023 and 2024 respectively? (b) Please provide the equivalent AEY retail revenue numbers presented in Table 2.1 for each of the years 2016 to 2022. (c) Please also provide the AEY retail revenue numbers <u>including</u> the fuel cost for each of the years 2016 to 2022. (d) In Schedule 2.1 why is there no YEC Revenue shortfall rider included in line 51 for the years 2023 and 2024?
JM-AEY-1-5	Page 1.7 Staff positions. (a) Please provide a listing of each of the number of residential, commercial, and other customers (at year end or other convenient measurement point) by year from 2016 through 2022. (b) What are AEY's forecast numbers for each of these groups of customers for 2023 and 2024? (c) Which of these positions are primarily working on capital projects and what portion of their time is allocated to O&M costs vs. capital costs?

Section 1B Energy Transition

JM-AEY-1-6	Page 1B-1 Increased electrification. (a) What forecast increases in use per customer (UPC) has AEY included

	in the sales forecast of this GRA? (b) Regarding "conflicts" and changes in "customer demands", what demand side management programs has AEY included in this GRA to deal with undesirable effects on the grid, for example managing water heaters and other electrical loads, encouraging behind-the-meter energy storage by customers, etc., to overcome problems? (c) Does the "dramatic impact" not include a significant increase in retail sales by AEY thereby also increasing revenues?
JM-AEY-1-7	Page 1B-2 Grid modernization. (a) AMI will prove to be a helpful tool in future for demand management and is a good thing to do, but why is it presented here within a list of complaints? Does AEY expect this project to be disallowed or challenged when it has been previously supported?
JM-AEY-1-8	Page 1B-3 EV charger network. (a) If an expansion of the EV charging network is paid for by the YG and federal governments, isn't the only risk to AEY that of increased sales?
JM-AEY-1-9	Page 1B-4 Microgeneration program. (a) Does a rapidly increasing population not mean rapidly increasing sales for AEY ? (b) Does AEY expect that the microgeneration uptake by the new customers will mean an oversupply of electricity for these customers? (c) Does new microgeneration supply not decrease line losses? (d) Since YG pays for electricity fed back into the grid and which AEY re-sells at retail rates to other customers, without having to purchase it, is there not a net benefit to AEY?

Section 2 Sales and Revenue

JM-AEY-1-10	Page 2-1 Table 2.1 (a) Please provide the annual average primary retail sales growth for the period 2016 to 2022.
JM-AEY-1-11	Page 2-2 near top "…the 2023 forecast anticipates UPCs returning to pre-pandemic levels for both Residential and Commercial customers." (a) Why does AEY believe that there will be a complete return to pre-pandemic UPCs when it appears that there will be some permanent changes such as increased working from home? (b) Do the increasing number of new residential and commercial customers almost all of which use electric space heat, and a steady

	trickle of older customers in older homes and businesses switching away from fossil fuel heating to electric systems (e.g. ETS and heat pumps) not tend to increase the UPCs? Please explain.

Section 3 Purchase Power

JM-AEY-1-12	Schedule 3.2 (a) What is the average revenue per kWh that AEY realized in 2022 from the resale of micro-generation energy exported to AEY?
JM-AEY-1-13	Section 3.4 IPPs (a) Please provide two comprehensive sets of lists of all study and capital costs that each of the IPP and AEY incurs in developing an IPP project one for projects under the standing offer program and one for projects in small communities not eligible under the standing offer program (Old Crow, Burwash landing / Destruction Bay, and Beaver Creek). (b) Please provide similar lists for operating and maintenance expenses. (c) Please outline the cost savings realized by AEY on a per kWh basis when purchasing IPP generated power and describe if or how these benefit each of AEY and / or the ratepayers.

Section 4 Fuel Costs

JM-AEY-1-14	Schedule 4.2 Isolated diesel-served communities (a) What are AEY's projected IPP power purchases in each of these communities for 2023 and 2024? (b) What are AEY's projected micro-generation contributions (export plus behind-the-meter consumption) to each of these community microgrids? (c) There are widely fluctuating heat rates in these communities in 2021 and 2022, are these real or a function of unusual adjustments? Please explain.

Section 5 Operations and Maintenance Expenses

JM-AEY-1-15	Table 5.1 page 5.3 O&M expenses (a) During the 9-year period from 2012 through 2020 AEY's actual O&M expenses were relatively stable between $11 million and $12 million per year. [The 2012 data is from the YECL (AEY) 2013-2015 GRA Application Schedule 1.1 PDF page 19 of 1881; and the 2013 to 2015 data is from the AEY 2016-2017 GRA Application Schedule 1.1 PDF page 12 of 292.] Please describe the factors that maintained that

	stability and the factors that drove overall O&M costs up by $2 million in 2021 and a further $1 million in 2022.
JM-AEY-1-16	Table 5.2 page 5-4 Labour Costs by function (a) Please explain the 22% increase requested for 2023 over 2022 for actual production labour cost. (b) Please justify the request for the substantial increase requested for public information following a four-year period (2018-2021) with very modest costs.
JM-AEY-1-17	Table 5.4 page 5-6 Distribution Costs (a) The maintenance and repair costs ranged from $0.597 in 2018 to $0.712 million in 2021. Please justify the 50% increase over 2021 for 2023 (and more for 2024). (b) "... distribution maintenance costs have increased by $0.3 million for incremental right-of-way clearing and pole testing, due to additional maintenance requirements to support a larger asset base resulting from system growth in recent years." Please explain why recently built distribution lines require right-of-way clearing and pole testing. Were these new distribution line rights-of-way not properly brushed to begin with and build with salvaged poles? Please explain.
JM-AEY-1-18	Table 5.7 page 5-8 Customer Accounting Costs (a) Non-labour costs in 2016 to 2022 ranged from $0.467 million to $0.664 million per year. Please provide the details of the increases of 25% in 2023 and 73% in 2024 over the highest of the previous 7 years.
JM-AEY-1-19	Page 5-8 Customer Accounting Preamble: "… The primary driver for the increase in costs is the annual subscription fees required to operate the new Oracle Customer Cloud Service Solution (CCS) billing software … the annual subscription fee cannot be capitalized." (a) What are the annual AEY CCS subscription fees? (b) Do these fees also cover the billing of Yukon Energy's customers? (c) If the previous billing system was capitalized, what is the corresponding decrease in depreciation costs as a result of its discontinuance?
JM-AEY-1-20	DSM programs Preamble: AEY DSM programs are conspicuous by their absence from O&M costs, yet Concentric Energy Advisors say in their report (in the Application on PDF page 144) that AEY has DSM programs delivered through Yukon Energy. (a) Does AEY have at present any active demand side management

	programs for residential and commercial customers, if so please describe them. (b) Does AEY have any plans to expand its DSM programming? Please explain why or why not.

Section 7 Depreciation

JM-AEY-1-21	Tables 7.2 and 7.3 pages 7-1 and 7-2, and Schedule 7.1 (a) For certainty in how the figures in these tables and schedule should be read, please explain if the correct interpretation of figures without brackets is that these are costs to ratepayers and figures in brackets are credits due to or held on behalf of ratepayers. If not correct, please provide the correct interpretation. (b) Please explain the meaning of the term "salvage depreciation" and explain why these numbers are in brackets.

Section 8 Return on Rate Base

JM-AEY-1-22	Page 8-3 paragraphs 11 and 12 Preamble other quotes from this GRA: Page 1-2 "Since the last GRA the Yukon has experienced population and GDP growth rates amongst the highest in Canada …" Page 1-9 "The volume of work has increased due to rapid system growth …" Page 1B-1 "AEY has seen rapid population growth and new Government energy transition policies and legislation aimed at increased electrification …" (a) These quotes from earlier portions of this GRA application are at odds with the characterization of AEY's operating environment in the referenced paragraphs 11 and 12. Please explain. (b) Please provide actual examples of realized risk in impact on sales and ROE since the last GRA was filed in 2016.
JM-AEY-1-23	Page 8-4 paragraph 16 (a) What risk premium above the BCUC GCOC benchmark did the Yukon Utilities Board decide was appropriate in AEY's last GRA?
JM-AEY-1-24	Pages 8.6 and 8.7 Table 8.4 and 8.5 (a) Please provide a table for the years 2016 through 2022 and projected into 2023 and 2024 of the actual capital expenditures less the actual contributions in aid of construction towards these actual capital expenditures.
JM-AEY-1-25	Application PDF pages 136 to 171, Concentric Energy Advisors report

	(a) PDF page 141 Figure 1: for each of the Canadian electric and gas utilities listed, including FortisBC Energy Inc., please provide a table showing the allowed and actual ROE earned over the past 10 years. (b) Which of these companies have been able to operate 5 years between GRAs while still exceeding their allowed ROE? (c) PDF page 144: Please list all of the referenced DSM programs that AEY presently supports which are available to residential and / or commercial customers. (d) PDF Page 167 line 13: Does AEY pay the capital costs for the battery and the interconnection? (e) PDF Page 167 line 14: Please provide the data that confirms that IPP projects generally reduce AEY sales. (f) PDF Page 167 lines 22 and 23: Does the comment that because wind and solar are intermittent they are less reliable mean that they are not dispatchable as a diesel generator would be? If something different please explain. (g) Is it not true that once a wind or solar project is built the cost of energy is far more stable than that of diesel fuel?

Section 9 Capital additions

JM-AEY-1-26	Page 9-1 New CIS project at $8.4 million: (a) On page 5.8 we are told that the new CCS system (is this also the CIS system?) would be a subscription cost based system, yet here we are told that there is a capital cost of $8.4 million. Please clarify this project with respect to capital and / or operating costs.
JM-AEY-1-27	Section 9, Schedule 9.1, Preamble: YECL 2013-2015 GRA Schedule 9.1 (2013-2015 GRA Application PDF page 495 of 1881), AEY 2016-2017 GRA Schedule 9.1 (AEY 2016-2017 GRA Application PDF page 171 of 292), and the present AEY 2023-2024 GRA Schedule 9.1 all show that AEY has been unable to complete the approved capital expenditures (which were all less than requested in the GRA). (a) Given this track record it appears unrealistic on AEY's part to (1) get YUB approval for the very large capital expenditures requested in this GRA, and (2) to expect to be able to deliver what is approved. Please explain. (b) In Table 9.4 AEY is shown to be proposing distribution improvements in the range of 2 to 3 times the annual expenditures of the previous 5 years, all of which were lower than 2016 and 2017 expenditures. Please explain why these very large expenditures are necessary now,

	and why a number of these expenditures were not undertaken in the previous 5 years when AEY clearly had the financial resources to do so.

Business Cases

JM-AEY-1-28	Business case No. 5 (a) Please provide a readable (higher resolution) version of the single line diagram in this business plan.
JM-AEY-1-29	Business case No. 6 (a) What is the ampacity rating of new #1/0 conductor compared to #6 and #4 conductor? (b) Did AEY consider going to the next larger conductor from #1/0? Please explain.
JM-AEY-1-30	Business case No. 12 (a) In new construction are the ROWs brushed to the wider widths at the outset?
JM-AEY-1-31	Business case No. 17 (a) Has this project been completed? (b) If so, when was it completed and what was the actual cost?
JM-AEY-1-32	Business case No. 21 (a) A life of 30,000 hours for a diesel generator seems very short, please explain why a longer life unit would not make more sense.
JM-AEY-1-33	Business Case No. 22 (a) Is this project now complete? If not yet, when will it be operational? (b) Over what period of time will the capital costs be depreciated? (c) What is the annual saving in depreciation on the outgoing CIS? (d) When does AEY propose to implement measures that this new system enables to generate savings for ratepayers, e.g. time of use rates to reduce peak demands so as to reduce YEC diesel generator rentals?
JM-AEY-1-34	Business Case No. 24 (a) Given the very high capital costs projected over 2023 and 2024, deferral of completion should be considered. Please explain if there would be any effects of completion deferral for 2 or 3 years.
JM-AEY-1-35	Business Case No. 25 (a) Given the slow delivery of electrical equipment like transformers, it seems unrealistic to expect that this project could be completed by the end of 2024. Please explain.

	(b) In light of the regulators installed in 2020 (Business Case No. 9) and very high capital and depreciation costs over the Test Years, please explain why this project could not be stretched out by a year or more even if it could be complete by the end of 2024?
JM-AEY-1-36	Business Case No. 26 (a) Given the very high capital and depreciation costs in 2023 and 2024 is there any good reason not to defer this work for at least two years? (b) Why was there not more ROW widening done on the years 2016 through 2022 when AEY had the financial resources?
JM-AEY-1-37	Business Case No. 27 (a) Have these vehicles been purchased already? (b) If not, would there be any impact of deferring the purchase of a few of them for a year? (c) Why were some of these vehicles not purchased in 2022 when AEY had the financial resources to do so?
JM-AEY-1-38	Business Case No. 28 (a) If not, would there be any impact of deferring the purchase of a few of them for a year or two?
JM-AEY-1-39	Business Case No. 29 (a) In light of the fact that the undervoltage was know on or before 2021, why were these improvements not made in 2022 or earlier while AEY had the financial resources to do so? (b) Can the reconductoring proposed be deferred by a year or two? If not, why not?
JM-AEY-1-40	Business Case No. 30 (a) In light of the fact that the undervoltage under certain conditions must have been known (from work related to the Atlin project) why were these improvements not made in 2022 or earlier while AEY had the financial resources to do so? (b) Would the upgrading of portions of this line to accommodate the Atlin project have solved these problems? (c) Why would AEY not consider the partial line reconductoring contemplated for the Atlin project to solve the problem and facilitate the Atlin project both?
JM-AEY-1-41	Business Case No. 31 (a) Please provide a readable (higher resolution) copy of Appendix A.
JM-AEY-1-42	Business Case No. 33 (a) Is it realistic to expect this project to be designed and constructed in one year?
JM-AEY-1-43	Business Case No. 40 (a) Why were some of these condition assessments not done in previous years when AEY had the financial resources to do so?
JM-AEY-1-44	Business Case No. 41 (a) Given the very high capital and depreciation costs in 2023 and 2024 is there any good reason not to defer this work for at least one year?