



John F. Maissan – President

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Yukon Utilities Board
Box 3178
Whitehorse, Yukon
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Attn: Ms. Wendy Shanks, Board Chair

YUKON UTILITIES BOARD		
EXHIBIT C4-2		
DAY	ENTERED BY	DATE
	LE	Jan 23/09

Dear Ms. Shanks:

Re: Yukon Energy 2008-2009 GRA, Board Order 2009-1, and Yukon Energy's letter of response dated January 22, 2009

Because diesel energy is now again on the margin (required during very cold weather) I am of the view that it is important for power customers to be getting price signals that encourage energy efficiency. Without these efficiency incentives inappropriate decisions will be made and costs to all customers will be higher in the long run. The present rate structures do not provide these incentives, so they need to be revised.

As noted in the Pre-hearing Conference, OIC 2008-149 prevents the adjustment of cost allocations between customer classes, so not all matters normally dealt with in a traditional Phase II hearing (where such forums are held) can be dealt with in Yukon at this time. However, rate structures within each customer class can and should be adjusted to ensure that they do meet the requirements of OIC 1995-90 for our own long term good.

In its GRA Yukon Energy includes a proposal for adjustments to the residential class rate blocks, but that is the only customer class for which run-out (or second block) rates are proposed to be changed. The General Service (or commercial) run-out rate blocks are proposed to be left unchanged. In my view they must also be changed. It does not seem logical to me to adjust the run-out rates for the residential customer class that represents about 40% of the retail revenues (YECL plus YEC) on the basis that it is required under OIC 1995-90 and not make corresponding changes to the General Service customer class that represents over 50% of retail revenues (again YECL plus YEC).

Various intervenors have expressed legitimate concerns about the potential time commitment and cost for a Phase II hearing, however limited that hearing might be. I

agree with these concerns. But I am also of the opinion that there have to be discussions on rate design within all customer classes that are broader than YEC has contemplated in its GRA. Further, it is my view that we could not have such discussions without YECL at the table as they serve most retail customers. YECL would have the detailed customer class statistical and analytical information required to make intelligent choices on rate design options, particularly in the General Service class. Parties other than YECL and YEC also deserve an opportunity to be part of the rate design discussion.

To avoid a separate proceeding and thereby and suggest avoiding a separate hearing if possible save time and cost, I would suggest that a Phase II hearing, limited as it must be (or a rate design workshop, or whatever the Board considers appropriate in the circumstances), could be added onto the YEC GRA hearing. But I repeat, we need more statistical and analytical information than is available at present for intelligent discussion and decisions by all parties.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "John F. Maissan".

John F. Maissan, P.Eng.
Electronically copied to YEC GRA circulation list