Yukon Energy Corporation
Diesel Contingency Fund (DCF) – Energy Reconciliation Adjustment (ERA) Compliance Filing

Yukon Utilities Board Information Request Round 1 to Yukon Energy Corporation (YEC)

Appendix A to Board Order 2015-03

YEC-YUB-1-001

Reference: **Application, Table 1-1 (Page 1-4); Appendix A, Table A1 (page A-1); and Appendix B, Table B1 (page B-9).**

Issue/sub-issue: **Need for ERA**

Preamble: Clarification of the accounting requirements and assumptions behind the DCF and ERA calculations is needed

Request:

(a) Table 1-1 demonstrates the expected diesel generation with the long-term average (LTA) hydro generation for a range of YEC grid loads from 390 gigawatt hours (GWh) to 475 GWh. Table A1 provides the DCF calculation for the years 2012-2014, with the 2014 amounts based on preliminary actual numbers. Table B1 provides the ERA calculation for 2012 under Options A and B as stated in the application with each option compared to a drought scenario. For 2012, from Table 1-1 (and from line 15 of Table A1) for a YEC grid load (net of Fish Lake hydro and wind) of 423,310 MW.h, the expected diesel generation is 15,622 MW.h. Table A1 shows for 2012 actual diesel generation of 2,683 MW.h the DCF is credited for 12,939 (15,622-2,683) MW.h or at 28.71 cents/kW.h the dollar amount is $3,715,000. Table B1 shows that under LTA costs for 2012, there is a requirement to charge AEY $439,000 based on ERA calculations. Is the assumption on which these numbers are based that whatever amount gets credited to the DCF account (a balance sheet account), the offset is debited to an income statement account such as diesel costs or conversely, if the DCF account is debited, the income statement account is credited?

(b) Is the income statement, no matter the load level, charged the LTA diesel costs for the grid load incurred? If yes, please explain and demonstrate numerically that there is not a double counting of diesel costs when considering the DCF and ERA.

(c) If the response to part (b) above confirms there is no double counting between the DCF and ERA, please demonstrate by way of numerical example how YEC would be harmed if the ERA was discontinued with the existence of the DCF, as provided by YEC.

YEC-YUB-1-002

Reference: **Application, Appendix A, Table A1 (page A-1); Appendix B, Table B1 (page B-9)**

Issue/sub-issue: **Fish Lake**

Request:

(a) In Table A1, line 3 shows Fish Lake (FL) generation of 3,388 MW.h. Line 10 shows expected generation for FL at 4,380 MW.h. How was the line 3 generation for FL determined?

(b) For line M, please explain the meaning of Fish Lake impact and provide how the 992 MW.h was derived.

YEC-YUB-1-003

Reference: **Application, Appendix B, Table B1 (page B-9)**

Issue/sub-issue: **Total YEC expected incremental diesel generation (line E)**

Request:

(a) Line C shows expected total diesel generation for the 2012 net YEC grid load. Line E provides a determination of YEC expected incremental diesel generation based on the last approved GRA net load (405,314 MW.h). If the DCF calculation covers total actual net load, please explain how the diesel generation in the incremental net load calculations has not already been accounted for in the DCF calculation.

(b) Table B1 determines the ERA or incremental diesel costs incurred by YEC due to wholesales to YECL being higher than the last approved GRA level of wholesales to YEC. How does YEC collect the incremental diesel costs for sales from YEC customers (not including wholesales to YECL) that are above the last GRA approved level of sales?

YEC-YUB-1-004

Reference: **Appendix A to Board Order 2015-01, pages 22-23; Application, page 4.**

Issue/sub-issue: **ERA**

Quote: The Board notes that ECSIM is a planning model and does not lend "itself to retrospective verification".

…

For the ERA, the Board interprets costs narrowly; to be clear, the costs are for actual diesel generation costs, not forecast or derived costs from the YECSIM model.

and

In summary, as reviewed in Appendix B, adoption of Reference B for YEC's actual diesel costs (i.e., before any DCF determinations) when implementing the ERA yields impacts which YEC believes would be patently unacceptable to all stakeholders including the Board.

Request:

(a) If the ERA model worked on the premise that if actual diesel generation (not based on DCF expected levels) is less than or equal to expected diesel generation, there would be no ERA determination, otherwise there would be an ERA determination according to Table B1 (Actual diesel costs based on Long-term Average), what would the impact be to YEC? Would this eliminate the "patently unacceptable" impacts to all stakeholders? Please explain.

(b) If in the response to part (a) above, there is an impact to YEC, please provide the detailed calculations showing that impact.

(c) In Table B1, please confirm that the added revenue (Line Q) is added revenue to YEC and that it is based on the wholesale rates charged to YECL.

YEC-YUB-1-005
Reference: **Application, Table 1-1, page 1-4**
Issue/sub-issue: **Inclusion of load levels 390 and 395 (GWh)**

Request:

(a) Were the 390 and 395 GWh load levels provided or based on results from the YECSIM model?

(b) If the answer to part (a) above is yes, please confirm that all variables and parameters used in the model were identical to those used from Table 1.1-1 provided in YEC's January 31, 2014 Revised DCF Proposal.

(c) If part (b) above is not confirmed, please explain and provide details of all changes including tables with columns showing the original assumption or parameter an adjacent column showing the revised assumption or parameter and a third column providing a reason for the change.

YEC-YUB-1-006
Reference: **Application, Attachment 2, page 2-1**
Issue/sub-issue: **Rider E Rate Schedule**

Request:

(a) Please provide revised Rider E rate schedules with the same ending date (March 31, 2016) but with commencement dates of July1, 2015; August 1, 2015; and September 1, 2015.

(b) Please indicate any assumptions with regards to the calculations used in the determination of the different start dates as described in part (a) above.