

# Yukon Utilities Board

Board Order 2025-09

Appendix A: Reasons for Decision

April 24, 2025

# 1 INTRODUCTION

1. On February 27, 2025, ATCO Electric Yukon (AEY) filed an application with the Yukon Utilities Board (Board) requesting approval to use Temporary Rate Adjustment Rider R1 for collection of the balance in AEY's Industrial Rider R deferral account. AEY requested the collection be effective April 1, 2025.
2. On March 10, 2025, the Board issued Board Order 2025-04 setting out that the AEY application is to be decided by way of a written proceeding, pending Ministerial approval. Board Order 2025-04 provided process steps for interested parties to provide comments on the application and YEC to provide reply comments. For regulatory efficiency, the Board did not require registration from interested parties. The Board ordered AEY to update its application schedules and tables to reflect implementation dates of May 1, 2025, or June 1, 2025, for Rider R1.
3. On March 19, 2025, the Board received an email from the Utilities Consumers' Group (UCG) requesting an extension be granted for intervenor comments to March 28, 2025 because of time constraints. The Board issued Board Order 2025-07 which granted the time extension.
4. After a preliminary review of the application, on March 24, 2025, the Board requested clarification from AEY on whether an industrial customer was paying General Service rates. This information was due by March 26, 2025, before comments were received from all parties.
5. AEY provided its responses to the information requests by March 26, 2025, comments from interested parties were received by March 28, 2025, and reply comments from AEY on April 4, 2025 in accordance with the process schedule.
6. The Minister provide approval for this proceeding on April 7, 2025
7. In making its decision, the Board has considered all relevant materials comprising the record of this proceeding. Accordingly, references to specific parts of the record in this *Appendix A: Reasons for Decision* are intended to assist the reader in understanding the Board's reasoning related to a particular matter and should not be taken as an indication that the Board did not consider all relevant portions of the record.
8. The Board considers the record of this proceeding closed as of April 7, 2025.

## 2 OVERVIEW OF THE APPLICATION

9. In its updated application, AEY sought approval to dispense with the balance in the Industrial Rider R Deferral to all AEY and YEC retail and industrial customers using Rider R1, the Temporary Rate Adjustment Rider. The updated application provided two options. In option 1, with an effective date of May 1, 2025, Rider R1 would be increased by 1.61 from its current level of -1.15 percent to give a rate of 0.46 percent and then increasing to 1.61 percent effective September 1, 2025 when AEY's true-up from its 2023-2024 GRA is removed. In option 2, with an effective date of June 1, 2025, Rider R1 would be increased by 1.81 percent from its current level of -1.15 percent to give a rate of 0.66 percent and then increasing to 1.81 percent effective September 1, 2025 when AEY's true-up from its 2023-2024 GRA is removed. To allow sufficient time for rate implementation and testing of the AEY requested Rider R1, the Temporary Rate Adjustment Rider, AEY requested a decision by April 24, 2025 for a May 1, 2025 implementation, or by May 23, 2025 for a June 1, 2025 implementation.

### 2.1 Background

10. On November 7, 2022, the Board Issued Board Order 2022-13 on the AEY Rate Relief in Yukon application in which the Board approved a deferral account to record all industrial sales revenues recovered from industrial customers in YEC's service territory served under Rate Schedule 39, Industrial Primary, effective from the date of that decision and continuing on a go-forward basis. This deferral account was set up as a rate relief measure and AEY was to apply to the Board to dispense with the balance in the deferral account once the balance in that account accumulated to \$0.25 million.

11. Subsequently, in AEY's 2023-2024 GRA, AEY stated "While AEY does not forecast serving any industrial customers over the Test Period, AEY plans to continue its approved Industrial Rider R Deferral, respecting YEC's industrial sales forecast for purposes of calculating AEY's Rider R rate adjustment. AEY proposes to true-up any differences between YEC's actual and approved industrial sales forecast in future rider adjustments."<sup>1</sup> This was a change from the previous Industrial Rider R Deferral account in that the 2023-2024 GRA Industrial Rider R Deferral account is to cover all variances from the last approved GRA forecast meaning that it would no longer be a deferral account for purposes of rate relief. The proposed Industrial Rider R Deferral account in the 2023-2024 GRA maintained the previously approved threshold of \$0.25 million for an application to the

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<sup>1</sup> AEY 2023-2024 GRA, Application, PDF page 31.

Board to dispense with balances in that deferral account. The Board approved AEY's Industrial Rider R deferral account, as proposed, in Board Order 2024-01<sup>2</sup>;

12. AEY determined, due to the unexpected shutdown of an industrial customer, the balance in Industrial Rider R Deferral is in a shortfall position that exceeds the \$0.25 million threshold approved by the Board. AEY therefore is applying to dispense with the balance using Rider R1, the Temporary Rate Adjustment Rider. AEY has also requested a change from Board Order 2022-13 which determined that the dispensation of a refund from the deferral account was to all residential and commercial non-government customers. This time, as the dispensation is a collection, AEY has requested the collection be from all AEY and YEC retail and industrial customers.

### 3 VIEWS OF THE PARTIES

13. In addition to a submission from the UCG, the Board received comments from twenty-five concerned customers. Most customers expressed concerns regarding the affordability of ever-increasing rates. Several comments referred to rate fatigue, that is, the seemingly incessant wave of applications for rate or rate rider increases. Other customers expressed concerns as to why residential customers are required to cover industrial revenue shortfalls. The Board received comments as to why shortfalls are to be collected from customers, but when AEY earnings exceeded approved levels there were no rebates to customers.

#### 3.1 UCG comments

14. The UCG stated that AEY claims there is a shortfall in industrial forecasts from the last GRA and they need to be compensated. AEY did not provide any details/facts to support the request.

15. The UCG requested an explanation as to how YEC industrial customers are connected to AEY via rates, and how the deferral account changed from a rate relief program to an account that allows AEY to collect shortfall revenue. Further, the UCG submitted that there was insufficient information to make any determination on the requested Rider R, and then provided a listing of four items which, according to UCG, require further information.

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<sup>2</sup> Appendix A to Board Order 2024-01, AEY 2023-2024 GRA Decision, May 31, 2024, PDF page 92, paragraph 424.

16. Concerns of past earnings exceeding forecast returns, AEY's use of an untested forecast of sales for a non-GRA test year to collect the deferral account shortfall, and the need for proof that the collection will not be used to maximize AEY profits rounded out the UCG comments.

## 4 AEY REPLY

17. AEY provided its reply to the customers' and UCG comments on April 4, 2025. Reply to the UCG comments were provided before AEY's general response to the comments from customers.

### 4.1 Reply to UCG

18. In response to the UCG's inquiry as to how YEC industrial customers are connected to AEY via rates, AEY stated:

Under the Rate Policy Directive (1995) (O.I.C 1995/090), utility rates in the Yukon are applied on a postage-stamp basis. Namely, the Utilities (AEY and YEC) share common rate schedules which are applicable to all ratepayers in the Yukon, regardless of the Utility providing service. Due to postage stamp rates in the Yukon, sales forecast information must be shared between AEY and YEC when setting rates.<sup>3</sup>

19. AEY added that, as part of its 2023-2024 GRA, AEY relied upon YEC's sales forecast, including YEC's industrial customer forecast, to determine AEY's Rate Adjustment Rider, Rider R. At that time, if YEC had provided a lower industrial sales forecast, AEY's Rate Adjustment Rider R would have been higher. AEY added that it applied for, and the Board approved, a deferral mechanism for industrial sales, the forecasting of which and the operations of which are outside the control of AEY, and that a deviation from forecast can cause a material surplus or shortfall in rate adjustment revenue.

20. In response to the UCG question — The Industrial Rider R Deferral was set-up for rate relief, so how could it now be used to collect revenue shortfall? — AEY referred to the application where its 2023-2024 GRA was discussed and the approval of the deferral account in Board Order 2024-01.<sup>4</sup>

21. With respect to the UCG assertions of insufficient information, AEY provided an alternative presentation of Table 1: Industrial Rider R Deferral Continuity Schedule. AEY

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<sup>3</sup> AEY Reply comments, PDF page 2.

<sup>4</sup> AEY Industrial Rider R Deferral application, paragraph 2.

also confirmed with YEC that there have not been any shifts of industrial customers from industrial rates to General Service rates.

## 4.2 Reply to other customers

22. AEY identified common areas of concern expressed by customers and responded to the following concerns:

### 4.2.1 *Financial Burden*

23. AEY acknowledged that customers face many financial challenges. As a utility, it strives to minimize rate fluctuations while providing safe and reliable power. AEY noted that the rate increase is small — about one percent — and should conclude by the end of 2025.

### 4.2.2 *Equity and Fairness*

24. AEY replied that, due to the principle of postage stamp rates (all customers of the same rate class pay the same rate for the same service no matter what location in Yukon the service is provided),<sup>5</sup> some cross-subsidization can occur. However, at the time of AEY's 2023-2024 GRA, the rate adjustment rider would have been higher without industrial customers.

### 4.2.3 *Lack of Transparency*

25. AEY replied that all rate applications are submitted to the Board and to a standard distribution list of interested parties and can be found on the Board website.

### 4.2.4 *Service Reliability and Historical Over-Earnings*

26. AEY stated it is committed to providing safe and reliable service. With respect to earnings, AEY's actual 2023 ROE was lower than the approved ROE and, in July 2022, AEY voluntarily proposed rate relief measures for customers.

## 5 Board Findings

### 5.1 Customer concerns

27. At the outset of these reasons, the Board acknowledges customers' concerns and considers that an explanation of how the rate setting process (for rates and riders)

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<sup>5</sup> Parenthetical notation added by the Board to assist readers' understanding.

operates in Yukon would assist customers in understanding the current and previous rate applications.

28. To start with, the Board is a quasi-judicial agency in the Yukon established under the *Public Utilities Act*. Under this Act, the Board must set just and reasonable rates for the provision of safe electricity service to customers in the Yukon. The purpose of the Act is to conduct independent and objective analyses of rates which the utilities propose. AEY or YEC, which are the Yukon utilities, are not authorized to increase their rates for electricity service without an application to the Board and a decision from the Board on that application. Therefore, requests for changes in revenue requirement<sup>6</sup> come directly from the utilities. When considering a rate application, the Board must act in accordance with the legislation and with the law that has been established by courts reviewing decisions of utility boards.

29. By law, the Board must take into account, in its decisions, the financial requirements of the utility, such as fair return for the money invested by the utility as well as the impacts on the customer. It must also consider both the sustainability of the utility and the recovery of rates from customers through reasonable charges for utility service. The Board can only make decisions on the evidence that is brought before it in a hearing by the applicant utility or another party. The *Public Utilities Act* explicitly provides, at section 69, that an application for leave to appeal can be made to the Court of Appeal of Yukon on a question of law in respect of the Board's decision or order, or by an applicant who believes that the Board has exceeded its legal jurisdiction.

30. In respect of, "When considering an application, the Board must act in accordance with the legislation and with the law that has been established by courts reviewing decisions of utility boards", the Board is required, among other things, to follow two regulatory principles — prospectivity and the regulatory compact.

31. The regulatory principle of prospectivity, in essence, means that rates and riders should generally only apply to future actions and not to past conduct. This principle aims to provide predictability and fairness to regulatory proceedings. Related to this is the principle of non-retroactivity. This generally prohibits regulatory tribunals from applying events or results that occurred before the test period to which the rate or rate rider application applies. This principle is rooted in the idea that applicants should have fair notice of what the expectations are for testing an application, and that rate/rate rider

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<sup>6</sup> The revenue requirement is defined as "the amount of money that a public utility must receive from its customers to cover its operating costs, interest paid on debt, taxes (if applicable) and earn a reasonable return (profit)".

decisions should not be applied retroactively to punish actions that were considered or the result of a different time period.

32. The regulatory compact is a framework where government regulators grant utilities a protected monopoly in exchange for the utilities' commitment to provide safe, reliable, and affordable services. It's a balance between the interests of consumers who want access to energy and the interests of utilities who need a reasonable return on their investment. Essentially, it's a deal where the government gives utilities a certain level of protection in exchange for specific commitments. To break this down, the regulatory compact gives regulated utilities a protected monopoly with the obligation to serve and to provide safe and reliable service in exchange for just and reasonable rates. Rates are considered just and reasonable if it is sufficient to cover a utility's cost of providing service and gives the utility the opportunity (not a guarantee) to earn a reasonable profit.

33. One of the outcomes of this is that just and reasonable rates are determined on a prospective basis and allow the utility to sufficiently cover its costs for providing regulated services, including the opportunity to earn a reasonable profit. This means actual results can vary from the approved forecast. Sometimes earnings can exceed approved forecast and sometimes earnings can be below approved forecast. If the utility finds efficiencies that improves earnings, the utility retains those efficiencies until the time of the next general rate application when the regulated utilities' costs to serve are reset.

#### 5.1.1 *AEY 2023-2024 General Rate Application*

34. The Board set the most recent rates for AEY in July 2024. The process for determining these rates began on July 7, 2023, when, in accordance with the *Public Utilities Act*, AEY filed a general rate application with the Board requesting an order approving its forecast revenue requirement for 2023 and 2024. When applying for an increase in rates, AEY must justify to the Board all the components of the revenue requirement to support a requested rate increase. Those costs are considered and analyzed in detail by the Board and interveners and include:

- The cost to build, operate, and maintain the utility's facilities;
- The cost to finance debt incurred from building the utility's facilities;
- The cost for depreciation and amortization expenses;
- The costs for financing general debt incurred by the utility; and
- Any other costs to provide affordable and reliable service to utility customers.

35. On July 14, 2023, the Board issued Board Order 2023-13 giving notice of the application and setting out the process schedule for it. The Board ordered that this notice

be published in a newspaper and invited any person interested in participating in the proceeding to register with the Board. The Board encourages members of the public to participate in rate-setting proceedings. Some persons did register to participate and the Board approved requests for intervener status from Florian Boulais, John Maissan, the Utilities Consumers' Group, Nathaniel Yee, YEC, Yukon NDP Caucus, and the Yukon Conservation Society. The Board and the interveners asked written questions of AEY on its application, including expert reports filed.

36. Following many written questions, the Board held an oral hearing on November 27-30, 2023, in Whitehorse. Some interveners attended in person and some attended virtually. The hearing was open to the public and there were some observers and also some media present. The interveners and the Board asked questions of the AEY witnesses on its application and written responses and any other information relating to the revenue requirement applied for by AEY. After the hearing, AEY and the interveners filed written final arguments and reply arguments.

37. Once the Board received written arguments and reply arguments, it carefully deliberated on the evidence received from AEY and interveners. On May 31, 2024, the Board issued Board Order 2024-01 and Appendix A to the Board Order which set out the Board's detailed reasons for its decision. The Board did not approve the revenue requirement as requested by AEY; it made the decision that it thought was appropriate given the evidence it heard and considered in accordance with the law. Therefore, AEY was required to make adjustments to the revenue requirement as directed by the Board and file a compliance application which was submitted on June 28, 2024. The Board scrutinized the compliance application and the interveners had an opportunity to do so as well. On July 26, 2024, the Board issued Board Order 2024-05 approving AEY's changes to the revenue requirement, and AEY's rate riders were approved effective September 1, 2024 and are shown as Attachment 1 and Attachment 2 to the Board Order. These are: Rider R (Rate Adjustment Rider) reflecting an increase of 3.58 percent to set final Rider R Rate adjustment Rider to 14.38 percent, and Rider R1 (AEY Temporary Rate Adjustment Rider) reflecting a decrease of -1.15 percent in order to refund AEY's over-collection from rate payers (fuel variances, as well as changes between interim and final rates) over the twelve-month period of September 1, 2024 to August 31, 2025.

### 5.1.2 YEC 2023-2024 General Rate Application

38. The Board set the most recent rates for YEC in September 2024. The process for determining these rates began on August 31, 2023 when YEC filed an application with the Board pursuant to the *Public Utilities Act* requesting an order approving its forecast revenue requirement for 2023 and 2024. In considering YEC's revenue requirement, the

Board must take into account the same factors outlined above in respect of the AEY's application.

39. On September 7, 2023, the Board issued Board Order 2023-19 giving notice of the application and setting out the process schedule for it. The Board ordered that this notice be published in a newspaper and invited any person interested in participating in the proceeding to register with the Board. As was the case with the AEY application, some persons did register to participate, and the Board approved requests for intervener status from AEY, John Maissan, Nathaniel Yee, and the Utilities Consumers' Group. The Board and the interveners asked written questions of YEC on its application.

40. Following many written questions, the Board held an oral hearing on March 4 to 7, 2024, in Whitehorse and some interveners attended in person and some virtually. Again, the hearing was open to the public. The interveners and the Board asked questions of the YEC witnesses on its application and written responses and any other information relating to the revenue requirement applied for by YEC. After the hearing, YEC and the interveners filed written final argument and reply argument.

41. Once the Board received written argument and reply argument, it carefully deliberated on the evidence received from YEC and interveners. On July 12, 2024, the Board issued Board Order 2024-05 and Appendix A to the Board Order which set out the Board's reasons for its decision. The Board did not approve the revenue requirement as requested by YEC. Therefore, YEC was required to make adjustments to the revenue requirement as directed by the Board and file a compliance application which was submitted on August 5, 2024. The Board scrutinized the compliance application and ensured that the interveners had an opportunity to do so as well. On September 13, 2024, the Board issued Board Order 2024-13. In accordance with the reasons set out in Appendix A to that Board Order, the Board approved YEC's compliance filing and, as such, it approved its final rates making the following directions in respect of rate riders: that Rider J, applicable to some non-residential customers, be set at 55.40 per cent for retail non-industrial customers, and 51.75 per cent for industrial customers, effective October 1, 2024, and that Rider J1, applicable to all YEC and AEY firm retail and industrial rates, including fixed Rider F and fixed charge payments for major industrial rates, be set at 9.45 per cent and to be in effect for an estimated 27-month period from October 1, 2024 to December 31, 2026. The reference to "firm" rates indicates that these are rates for a continuous provision of the service which is intended to be uninterrupted. The Board's approval of YEC's requested changes to those rate riders was effective October 1, 2024.

42. The shortfall rider, which is Rider J1 — the Temporary Adjustment Rider, is addressed in YEC's compliance application and Appendix A to Board Order 2024-13. This

rider is to recover the net shortfall in YEC's rate revenues for 2023 and the first nine months of 2024 on the following basis:

- True-Up Adjustment for 2023 — A true up is a reconciliation between the amount required and the amount already collected so that the final amount collected reflects the actual expenses of the utility and the approved rate. The Board directed that the 2023 test year is to be finalized consistent with a required GRA rate increase of \$7.717 million in the Compliance Filing compared to \$6.667 million in the Application. This increase was required because no interim Rider J collections occurred during 2023, which resulted in a shortfall of \$7.717 million for true-up purposes.
- True-Up Adjustment for 2024 — The 2024 test year is to be finalized consistent with a required GRA rate increase of \$15.650 million in the Compliance Filing compared to \$15.320 million in the Application.
- Interim Rate Revenues — The interim rates effective January 1, 2024, and August 1, 2024 to October 1, 2024 result in incremental forecast revenue of \$5.764 million, and the final Rider J effective October 1, 2024 is forecast to collect \$4.456 million between October 1, 2024 and December 31, 2024, resulting in total incremental revenues of \$10.220 million.
- Net 2023/24 Revenue Shortfall for True-up — The net 2023/24 revenue shortfall is \$13.147 million [ $\$7.717 + \$15.650 - \$10.220$ ].
- Rider F Adjustment which relates to fluctuations in utility expense related to changes in fuel price — Pursuant to legislation, and applied consistently over the last several GRAs, the Rider F account relating to YEC is reset to zero for the Compliance Filing. All future calculations relating to Rider F will utilize the Board-approved fuel prices and fuel efficiency for the 2023/24 GRA as the base. The 2023 and January-September 2024 Rider F Adjustments (see Appendix 1.1, Tables 1.1-6 and 1.1-7) equal the difference in fuel price forecast from actual fuel prices calculated by using the 2023/24 GRA approved fuel efficiency and fuel prices, as well as related variance between actual, including secondary sales rate related adjustment. These adjustments provide for a \$2.658 million increase true-up requirement.

43. The shortfall rider was approved by the Board in accordance with the application and process set out above; the utility is collecting the shortfall rider in accordance with the Board's direction.

44. As explained above, the Board made its decisions on the applications and evidence before it, and considers that the above-noted proceedings and decisions contain the information with respect to the rates and rate riders set out on recent electricity bills.

45. All of applications and the Board Orders referred to above can be viewed on the Board's website at <https://yukonutilitiesboard.yk.ca/> as well as information about the Board.

46. The above-described applications and processes were open to the public. The Board encourages members of the public to participate in its hearings. Public participation ensures that all issues and perspectives come to the Board's attention in a transparent process. Hearings allow the Board to make a fully informed decision with significant public input. A member of the public may become involved as an intervener. Interveners are individuals or groups who want to take a position on an application before the Board by attending the hearing, providing information or evidence, questioning the applicant, and potentially providing a closing statement of position at the end of the hearing. An individual or group must apply to become an intervener and their costs to participate may be paid by the applicant if the Board directs costs to be awarded.

47. With respect to the submissions received from customers in this proceeding, the Board has categorized the concerns into four groups and addresses each below.

### *5.1.3 Affordability*

48. The Board acknowledges that over time the cost of utility service has been rising and utility bills are forming an increasing larger share of a family's budget. As noted above, utility rates are determined through an open public process where the public is invited to participate. The application and evidence are reviewed and tested for prudence and, based on the evidence, the Board determines just and reasonable rates. AEY and YEC can only charge rates approved by the Board for regulated services.

### *5.1.4 Rate fatigue*

49. Customers have commented of the frequency by which they notice changes to the regulated rates they are charged on their electricity bills. As all rates must be approved by the Board, those rates have been determined to be just and reasonable. Part of this is due to the legal requirement of a postage stamp structure for rates in Yukon. That is, if there is an approved rate change, that change will affect all customers. The second part of rate changes relates to the timing of the application. When a utility submits a rate application, there is a time lag from when the application is submitted to when final rates are determined. Due to that time lag, a utility may request interim rates which is the request to collect part of the proposed rate increase in the application in order to maintain its

financial integrity. That is one potential rate change. When final rates are determined, they are likely to differ from the approved interim rates. The result will be another rate change, from interim to final rates. Third, the final decision on the utility's rates could be rendered either well into or past the applied-for test period.<sup>7</sup> The decision determines rates as if they were in place at the start of the test period. There can be a difference between what was actually collected by the utility through interim rates and what should have been collected through final rates from the beginning of the test period to the date of the final decision on rates. Based on that difference, a rider is required to collect or refund that difference. Other legislated regulations can cause rider changes that affect customer bills such as changes in fuel prices for generation or the balance in the Low Water Reserve Fund falling outside of its cap.

### *5.1.5 Residential customers covering industrial revenue shortfall*

50. The Board notes the AEY reply on this point which states:

Customers have expressed concerns indicating that it is unfair to shift the financial burden from industrial customers to residential customers. Due to the principle of postage stamp rates in the Yukon, there is cross-subsidization that can occur. Without the Industrial customers, who are not in AEY's service area, recovering part of AEY's approved shortfall, the Rate Adjustment Rider would have been higher to begin with.<sup>8</sup>

51. The Board understands that even though AEY does not directly have any industrial customers, it collects part of its rates from industrial customers that YEC serves. The Board approved Industrial Rider R Deferral in an open public process (AEY's 2023-2024 GRA as noted above) to cover situations where if industrial load was higher than forecast then customers would benefit, and if industrial load was less than forecast then AEY would not be penalized. The Board finds that deferral is working as intended.

### *5.1.6 AEY's past earnings*

52. AEY's past earnings (being above approved levels) were discussed and questions were raised as to why they were not offset against the industrial sales shortfall.

53. To attempt to recapture any portion of past earnings would be considered retroactive ratemaking and be in violation of established principles. Further, the Board must act in accordance with the legislation and with the law established by courts

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<sup>7</sup> The test period is the time period (usually in years), within the rate application, that the utility presents forecast costs that are tested for prudence to determine just and reasonable rates.

<sup>8</sup> AEY Reply, PDF page 5.

reviewing decisions of utility boards. As noted in Section 5.1 of this decision, prospectivity is one such principle in accord with legislation and established by the courts. The regulatory compact is another.

The Board is of the view that the AEY response to the UCG comments and the Board's responses to customer concerns above satisfactorily address the issues brought forward by the UCG.

## 5.2 AEY's Industrial Rider R

54. The Board has reviewed the application, the IR responses, and the comments from parties. AEY's Industrial Rider R Deferral is an approved deferral account. The calculations to determine the balance in the deferral account and the forecast balance to the end of 2024 are reasonable as shown in Schedule 1 of the application and Table 1: Industrial Rider R Deferral Continuity Schedule in AEY's reply.

55. Accordingly, the Board approves the AEY Temporary Rate Adjustment Rider R1 increase of 1.61 percent effective May 1, 2025. On May 1, 2025, Rider R1 will change from a refund of -1.15 percent to a charge of 0.46 percent.<sup>9</sup> On September 1, 2025, the -1.15 percent component of Rider R1 related to the true-up from AEY's 2023-2024 GRA will be removed, as planned, making the Rider R1 rate 1.61 percent.<sup>10</sup>

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<sup>9</sup> -1.15% AEY 2023-2024 GRA true-up refund + 1.61% Industrial Rider R deferral adjustment = 0.46% charge to customers.

<sup>10</sup> 0.46% charge to customers + the removal of the -1.15% AEY 2023-2024 GRA true-up refund = 1.61% charge to customers (Industrial Rider R Deferral Charge).