CW-YECL-1

Issue: **Sales and Revenue**

References: YECL Application, Page 2-4

Preamble: In its Application, YECL states:

> The forecast process involves the review of historic sales data at the community level and takes into account the most recent data available at the time the forecast is prepared. The information is obtained through Yukon Electrical's work in the community, as well as consultation with the City of Whitehorse, Yukon Government, and various local agencies and developers.

The City requires an understanding of the communications and consultations used in developing forecast sales.

Request

(a) Please provide copies of all communications with "the City of Whitehorse, Yukon Government, and various local agencies and developers" related to sales forecasts. If there are no written communications, please provide summaries of verbal communications.

CW-YECL-2

Issue: **Sales and Revenue**

References: Application, Page 2-5

Preamble: In its Application, YECL states:

> Over the past 2-3 years, housing developments in Whitehorse have been using electricity for space heating, which has resulted in an increase in residential average UPC. As a result, in forecasting Whitehorse UPC in 2013, Yukon Electrical used the 2012 weather-normalized UPC, which already reflects the consumption increases due to space heating, as a base and raising it by the most recent three-year average growth in weather-normalized UPC. The increase in UPC relating to electric space heating, however, is not expected to be extended beyond 2013, as it is expected to be offset by a reduction in consumption due to the demand side management program.
> 17 Attachments 1 to 21 show the historical data as well as the regression results.

It appears that there has been a shift in the use of electricity, with newer houses using electricity for space heating. Based on the shift, there may well be different usage patterns for the different uses. The City requires information to assess the forecast of sales, based for the various uses.

Request

(a) Please provide a schedule similar to Schedule 2.1 containing 2008, 2009, 2010, 2011, and 2012 actual, and 2013-2015 forecast actual and normalized sales, average customers and actual and normalized average use per customer for the City of Whitehorse, separating customers that use electricity for space heating and those that do not use electricity for space heating.

(b) Please provide the response to (a) above in Excel format

(c) Please provide Attachments 1 to 21 in Excel format with formulae intact.

CW-YECL-3

Issue: **Sales and Revenue**

References: Application, page 2-6

Preamble: In its Application, YECL states:

> Twelve new large commercial customers (demand > 100kW) are anticipated to be added during the test period; eleven in Whitehorse and one in Watson Lake. Yukon Electrical has considered each of these new large customers individually, and forecast the load each will bring to the system each year based on the start-up time and other pertinent information provided by the customer. To forecast Whitehorse and Watson Lake commercial energy sales over the test period, Yukon Electrical has first determined the base energy sales for each community, which is forecast by multiplying the forecast customer counts (excluding the new large customer additions), by the corresponding community base year UPC forecast. The base year UPC for Watson Lake is obtained based on the most recent three-year actual UPC. For Whitehorse, the 2012 normalized UPC is used as a base year UPC. This is because of conversion of several secondary commercial customers to primary in recent years makes it inappropriate to use a three-year average. The commercial energy sales for Whitehorse and Watson Lake are then calculated by adding the base energy sales in each year to the specific energy sales of the new large commercial additions.

The City requires information to assess the forecast of Commercial sales.

Request

(a) Please provide the forecast and timing of the sales to the twelve new large customers.

(b) Please provide the calculation of the forecast of commercial sales by community, before the impact of the twelve new customers is added. Please provide the response in Excel format, with formulae and links intact.

(c) Please reconcile the information provided in response to (a) and (b) above to the total commercial sales in Schedule 2.1

CW-YECL-4

Issue: **Other Revenue**

References: Application page 2-9.

Preamble: In its Application, YECL states:

> Yukon Electrical's other revenues have been included with retail sales revenues as part of the revenue requirement. These amounts are detailed in Schedule 2.2.
> Reconnect, Joint Use and Services to Outside Parties revenues are forecast to increase in each year of the test period due to inflation. Other Revenues are forecast to decrease starting in 2014 due to a reduction in office rental income.

The City requires information to understand the decrease in 2014 rental income.

Request

(a) Please fully explain why rental income is forecast to decrease in 2014.

(b) Please fully explain what steps YECL is taking to replace the reduction in rental income.

CW-YECL-5

Issue: **Purchased Power**

References: Application, Pages 3-2 and 3-3.

Preamble: In its Application, YECL states:

> The energy component of the purchase power cost is determined by applying Yukon Energy's wholesale rate to the total forecast energy (kWh) purchases. Total forecast purchases are determined by applying a forecast line loss percentage to Yukon Electrical's sales load forecast that was discussed in Section 2. Overall, line losses are determined by using a five-year historical average of 6.2%. This is consistent with the approach approved in Board Order 2009-2.

The City requires information to understand the level of losses, and the efforts YECL has undertaken to mitigate losses.

Request

(a) Please fully explain the steps that YECL could take to reduce losses.

(b) Please fully explain which of the steps, identified in response to (a) above, YECL has implemented, and which it has not implemented, including the reasons.

(c) Please fully explain what additional steps that YECL could undertake to reduce losses, and the costs of implementation.

CW-YECL-6

Issue: **Diesel Fuel**

References: Application, page 4-2

Preamble: In its Application, YECL states:

> Plant efficiencies are based on the average efficiencies of the previous five years adjusted for any changes due to the replacement of units. This is consistent with the approach approved in Board Order 2009-2.

In schedule 4.1, YECL provides a forecast of heat rates of 3.71 for each year in the test period. In Section 9 of its Application, YECL provides forecasts of capital for generation. On Schedule 4.1, the average of actual heat rates is 4.0, higher than the forecast of 3.71. The City requires information to understand how the efficiencies discussed in the application have been incorporated in the forecasts.

Request

(a) For each generation project identified in section 9, please identify if it is for hydro or thermal generation.

(b) Please provide a working paper that demonstrates how the forecast heat rate of 3.71 relates to the historic data on Schedule 4.1. In the response, please also fully explain how the capital expenditures related to generation have impacted the forecast heat rates.

CW-YECL-7

Issue: **Operating Costs – DB Pension**

References: Application page 5-3

Preamble: In its application, YECL provides a table that summarizes DB pension costs. In the table, the costs for DB Special Payments increases from $297,000 in 2011 to $638,000 in 2012. The City requires information to assess the level of pension costs to be recovered from customers.

Request

(a) Please confirm that YECL employees participate in the same DB pension plan as the employees of YECL's parent, ATCO Electric. If not confirmed, please fully explain and provide all plan documents related to the YECL DB plan.

(b) On line 7 and 8, YECL indicates it has used the same contribution rate for the 2013 test period. Please provide the forecast of DB pension costs included in 2013, 2014, and 2015.

CW-YECL-8

Issue: **Operating Costs- Lease of LNG**

References: Application, page 5-4 and Business Case 6

Preamble: In its Application, YECL states:

> In addition, Yukon Electrical purchases information technology and billing system services from ATCO I-Tek and ATCO I-Tek Business Services respectively. Beginning in the fall of 2013, Yukon Electrical will be leasing liquid natural gas (LNG) storage and vapourization equipment from an affiliate company, ATCO Gas, related to the Watson Lake Bi-Fuel Project. Please refer to Business Case #6 for further details on this project.

The City requires information to understand how the decision was made to lease the LNG facility, and how pricing was determined.

Request

(a) Please provide any financial analysis prepared by YECL comparing the costs of the three alternatives in the Business Case.

(b) Please provide an analysis that demonstrates leasing LNG storage and vapourization equipment is less expensive than owning such equipment.

(c) Please fully describe the process that YECL undertook to determine that an affiliate should provide the equipment. In the response, please discuss whether competitive tendering was used.

(d) Please fully explain, and provide working papers in support of the lease price and its derivation.

CW-YECL-9

Issue: **Operating Costs - FTEs**

References: Application, page 1-8

Preamble: On page 1-8, YECL provides a table of FTEs. The City requires an understanding of the increase in FTEs.

Request

(a) For each actual FTE identified in the table on page 1-8, please provide the date of hire.

(b) Please provide the forecast date of hire for each forecast FTE included in the table on page 1-8.

CW-YECL-10

Issue: **Operating Costs**

References: Application, Schedule 5-2

Preamble: In Schedule 5-2, YECL provides variance explanation for changes in operating costs. The City requires information to assess the forecast operating costs.

Request

(a) In lines 5-6, YECL explains the 2012 increase as being due to the Fish Lake Water License. In Lines 8-12, YECL explains the 2013 increase as being due to Fish Lake Water License. Please fully explain why there are cost increases in 2012 and 2013. Also, please provide a working paper that identifies all costs for the Fish Lake Water License for 2011, 2012, 2013, 2014, and 2015.

(b) On line 150-152, YECL indicates that in 2013, costs increase as a result of reclassifying one temporary meter reader to permanent. Please fully explain why, in light of its AMR program, YECL is increasing the number of permanent meter readers.

(c) On line 154-155, YECL indicates that in 2015, costs decrease as a result implementing its AMR program. Please fully explain how YECL will deal with existing meter readers, and the costs of reductions in staff.

(d) On line 194-195, related to account 72100, YECL explains cost increases in 2014 as being related to a 2015 Phase II application. On line 200-207, related to account 72200, YECL mentions regulatory costs. Please fully explain how YECL accounts for regulatory costs.

CW-YECL-11

Issue: **Cost of Debt**

References: Application, page 8-6

Preamble: In its Application, YECL has forecast increased cost of new long term debt in 2014 and 2015. The City requires information to assess the forecasts.

Request

(a) Please fully explain how new long term debt is sourced by YECL? Is new debt mirrored down from an affiliate, such as ATCO Electric, Canadian Utilities, or ATCO? How is the cost of new debt derived?

(b) Please provide the forecast of YECL's parent, ATCO Electric (AE) for long term debt from each of the last three GTAs. (amounts, dates and rates)

(c) Please provide the actual issues of long term debt for the same periods as identified in (b) above. (amounts, dates and rates)

CW-YECL-12

Issue: **Capital Expenditures**

References: Application, pages 9-44 to 9-67

Preamble: In the Application, YECL provides an explanation of capital expenditures.

Request

(a) On page 9-46, YECL provides Miscellaneous O/H Services – Various Subdivisions of $3,625,000 for 2013. On page 9-56, YECL provides a 2014 forecast of $2,900,000, and on page 9-62, YECL provides a 2015 forecast of $4,300,000.

(i) Please fully explain how the forecasts were determined.

(ii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(iii) Please provide new overhead customers added in each of 2008-2015.

(iv) Please fully explain changes in cost per service in each year.

(b) On page 9-46, YECL provides forecast costs for New Underground Line Extensions of $600,000 for 2013. On page 9-56, YECL provides a 2014 forecast of $1,000,000, and on page 9-62, YECL provides a 2015 forecast of $1,000,000.

(i) Please fully explain how the forecasts were determined.

(ii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(iii) Please provide new underground customers added in each of 2008-2015.

(iv) Please fully explain changes in cost per service in each year.

(c) On page 9-47, YECL discusses a Downtown Whitehorse 4L313 Lambert Street to Eliot Street project to replace overhead with underground at a cost of $424,000. Please fully explain why this overhead line is being replaced with underground. Also, please provide the cost of replacing overhead with overhead.

(d) On page 9-47, YECL provides forecast costs for Right of Way Widening of $374,000 for 2013. On page 9-57, YECL provides a 2014 forecast of $389,000, and on page 9-63, YECL provides a 2015 forecast of $405,000.

(i) Please fully explain why YECL is conducting this program.

(ii) Please fully explain how the forecasts were determined.

(iii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(iv) Please fully explain why there is no business case for this project.

(e) On page 9-48, YECL provides forecast costs for Miscellaneous Distribution Pole Replacements of $260,000 for 2013. On page 9-57, YECL provides a 2014 forecast of $260,000, and on page 9-64, YECL provides a 2015 forecast of $260,000.

(i) Please fully explain how the forecasts were determined.

(ii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(f) On page 9-48, YECL provides forecast costs of Downtown Whitehorse 4L316 6th Avenue 266 Reconductor of $250,000 for 2013. On page 9-57, YECL provides a 2014 forecast of $360,000.

(i) Please fully explain why YECL is conducting this program.

(ii) Please fully explain how the forecasts were determined.

(iii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(iv) Please fully explain why there is no business case for this project.

(g) On page 9-48, YECL provides forecast costs for PCB Identification and Transformer Change Outs of $175,000 for 2013. On page 9-58, YECL provides a 2014 forecast of $100,000, and on page 9-65, YECL provides a 2015 forecast of $100,000.

(i) Please fully explain how the forecasts were determined.

(ii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(h) On page 9-49, YECL provides forecast costs for Test and Treat Program of $110,000 for 2013. On page 9-58, YECL provides a 2014 forecast of $120,000, and on page 9-64, YECL provides a 2015 forecast of $130,000.

(i) Please fully explain how this program is different from the "Miscellaneous Distribution Pole Replacement" program.

(ii) Please fully explain how the forecasts were determined.

(iii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(i) On page 9-50, YECL provides forecast costs for Miscellaneous Street Light Replacements of $330,000 for 2013. On page 9-59, YECL provides a 2014 forecast of $450,000.

(i) Please fully explain why YECL is conducting this program.

(ii) Please fully explain how the forecasts were determined.

(iii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(iv) Please fully explain why there is no business case for this project.

(j) On page 9-66, YECL provides a forecast for New Street Light Installations of $483,000. Please provide:

(i) the historic data YECL used when its states the forecast is based on "fully contributed new street light installations".

(ii) an analysis and discussion of the number and sites for new streetlights.

(k) On page 9-51, YECL provides forecast costs for Transportation Equipment of $424,000 for 2013. On page 9-59, YECL provides a 2014 forecast of $995,000, and on page 9-67, YECL provides a 2015 forecast of $850,000.[1]

[1] Replacement of unit 989 of $450,000 and replacements of units 747, 851, 885, and 887 of $400,000

(i) Please provide YECL's policy for the replacement of transportation equipment.

(ii) Please provide the cost of each unit forecast for 2013, 2014, and 2014.

(iii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(l) On page 9-46, YECL provides forecast costs for Land Rights of $190,000 for 2013. On page 9-56, YECL provides a 2014 forecast of $190,000, and on page 9-62, YECL provides a 2015 forecast of $190,000.

(i) Please fully explain how the forecasts were determined.

(ii) Please provide historic actual results for this category for 2008, 2009, 2010, 2011, and 2012.

(m) On page 9-64, YECL provides forecast costs for MacDonald Road Pole Change of $250,000 for 2015.

(i) Please fully explain how this program is different from the "Miscellaneous Distribution Pole Replacement" program.

(ii) Please fully explain how the forecasts were determined.

(iii) Please fully explain how the costs of this program are not implicitly included in the forecast for the "Miscellaneous Distribution Pole Replacement" program.

CW-YECL-13

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 2

Preamble: In its business case, YECL asserts that the project has clear economic benefits. The City requires information to assess these assertions.

Request

(a) Please provide an analysis of the load of YECL and the various sources that clearly demonstrates that this facility is needed, and current and projected load cannot be served from other sources.

(b) Please provide the working papers that support YECL's projection of the costs of energy of 6.7 cents.

CW-YECL-14

Issue: **Capital Expenditures – Business Cases**

References: Business Case 3

Preamble: In Business Case 3, YECL indicates it will be replacing an old diesel generator with a new diesel generator. The City requires information to assess the impact of the new unit.

Request

(a) Please provide an analysis that compares the efficiency of old and new units. In the response, please provide an analysis that clearly demonstrates how changes have been incorporated into forecasts of diesel fuel.

CW-YECL-15

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 4

Preamble: In Business Case 4, YECL indicates it will require a new mobile generator. In the business case, YECL provides four alternatives. The City requires information to assess the chosen alternative.

Request

(a) Please provide a financial analysis that compares the four alternatives, and demonstrates that the chosen option is the least cost option.

CW-YECL-16

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 5

Preamble: In Business Case 5, YECL indicates it will be replace an old diesel generator with a new diesel generator. The City requires information to assess the impact of the new unit.

Request

(a) Please provide an analysis that compares the efficiency of old and new units. In the response, please provide an analysis that clearly demonstrates how changes in efficiency have been incorporated into forecasts of diesel fuel.

CW-YECL-17

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 7

Preamble: In Business Case 7, YECL has proposed to upgrade the Fish Lake Dyke. The City requires information to assess the request.

Request

(a) Please provide a copy of the referenced water license HY10-083 and the referenced 2012 Dam Safety Report.

(b) Please provide an explanation of the options available to YECL to address the issue.

CW-YECL-18

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 11

Preamble: In Business Case 11, YECL indicates it will be replacing an old diesel generator with a new diesel generator. The City requires information to assess the impact of the new unit.

Request

(a) Please provide an analysis that compares the efficiency of old and new units. In the response, please provide an analysis that clearly demonstrates how changes in efficiency have been incorporated into forecasts of diesel fuel.

CW-YECL-19

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 12

Preamble: In Business Case 12, YECL indicates it will require a new standby generator. In the business case, YECL provides four alternatives. The City requires information to assess the chosen alternative.

Request

(a) Please provide a financial analysis that compares the four alternatives, and demonstrates that the chosen option is the least cost option.

CW-YECL-20

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 13

Preamble: In Business Case 13, YECL indicates it will be replacing an old diesel generator with a new diesel generator. The City requires information to assess the impact of the new unit.

Request

(a) Please provide an analysis that compares the efficiency of old and new units. In the response, please provide an analysis that clearly demonstrates how changes in efficiency have been incorporated into forecasts of diesel fuel.

CW-YECL-21

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 14

Preamble: In Business Case 14, YECL indicates it will be replacing an old diesel generator with a new diesel generator. The City requires information to assess the impact of the new unit.

Request

(a) Please provide an analysis that compares the efficiency of old and new units. In the response, please provide an analysis that clearly demonstrates how changes in efficiency have been incorporated into forecasts of diesel fuel.

CW-YECL-22

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 15

Preamble: In Business Case 15, YECL indicates it will be replacing an old diesel generator with a new diesel generator. The City requires information to assess the impact of the new unit.

Request

(a) Please provide an analysis that compares the efficiency of old and new units. In the response, please provide an analysis that clearly demonstrates how changes in efficiency have been incorporated into forecasts of diesel fuel.

CW-YECL-23

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 23

Preamble: In Business Case 23, YECL proposes to build a double circuit to accommodate a new Yukon Energy (YEC) supply source. The City requires information to assess the proposed capital.

Request

(a) Please provide the latest status of the Yukon Energy Supply Source. Has approval been received by YEC; has construction started? What is the latest estimate of an in-service date for the new supply?

CW-YECL-24

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 24

Preamble: In Business Case 24 YECL indicates that this project has been in the YECL long term plan since 1996.

Request

(a) Please fully explain why this project must be undertaken in the test period, and was not started in 2011 or 2012.

(b) Please provide an analysis comparing load and capacity in downtown Whitehorse for each year from 1996 to 2015. In the response, please include total load, and peak load.

CW-YECL-25

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 27

Preamble: In Business Case 27, YECL provides an analysis of its proposed AMR project. The City requires information to assess the business case.

Request

(a) Please provide Attachment 1 in Excel format with formulae and links intact.

(b) Please fully explain why the depreciation rate for AMR of 7.13% is lower than that for conventional meter reading of 8.09%. In the response, please provide the currently approved depreciation rates for meters and for meter reading equipment.

(c) Please explain why the AMR option is based on 26 years of costs, yet the conventional option is based on 25 years of costs.

(d) Please provide the actual cost of "Manual Meter Reading", "Meter Tests", "Customer Applications and Service Orders", and "Data Cap Costs" for 2008, 2009, 2010, 2011, and 2012.

(e) Please produce two sensitivities, one with the capital cost of AMR 10% higher than forecast, and one with capital costs of AMR 20% higher than forecast. Please provide the response in Excel format with formulae and links intact.

CW-YECL-26

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 29

Preamble: In Business Case 29, YECL proposes upgrades to the downtown office building envelope. YECL asserts the changes will improve energy efficiency. The City requires information to assess this claim.

Request

(a) Please provide actual operating costs of the downtown office for 2008, 2009, 2010, 2011, and 2012. Please separate out heating, lighting, water and sewer, and other operating costs.

(b) Please provide YECL's forecast of the costs identified in response to (a) above for 2013, 2014, and 2015.

(c) Please provide an analysis that clearly demonstrates how the forecast cost reductions have been incorporated into this GRA.

CW-YECL-27

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Case 30 and Yukon Five Year Demand Side Management Plan

Preamble: YECL provides a joint Demand Side Management (DSM) report. The City requires information to assess the project.

Request

(a) On page 24 and 25 of the Yukon Five Year Demand Side Management Plan, the report discusses implementation. There does not appear to be an analysis of the Lifecycle costs of program. Please provide an analysis of the cost of the program over the life of the program, identifying:

(i) YECL program delivery costs for each year.

(ii) projected human resource costs related, and costs allocated to YECL for each year.

(iii) projected marketing and communications costs that occur outside of the Demand Side Management Program Portfolio costs, and costs allocated to YECL for each year.

(iv) projected agreed upon pilot projects (LED street lights), and costs allocated to YECL for each year.

(v) Costs beyond the in Charge commitments:
- Internal DSM projects
- Administrative costs
- Staff training and development
- YECL industrial customer DSM programs
- YECL office costs
- Additional staff costs

(vi) Please separate operating and capital costs.

(vii) Please reconcile the costs provided in response to (i) – (iv) above to the costs included in this GRA.

(b) The City is interested in understanding the measurement of results and achievement of goals and benefits. On page 25 of the Yukon Five Year Demand Side Management Plan, it states that program level evaluation, measurement and verification (EM&V) is available in the Joint Utility EM&V Plan (2013). Please indicate if and where this report is included in this application. Specifically please identify where details about EM&V are provided. If the Joint Utility EM&V Plan (2013) is not included in this filing, please provide the report.

(c) Please provide the benefit, in terms of reduced capital or operating costs, of achieving the 8.5 GWh target of the program.

(d) Please fully describe the process for the review and approval of budgets and actual expenditures of the DSM program.

CW-YECL-28

Issue: **Capital Expenditures**

References: YECL Application, Schedule 9.1

Preamble: In Schedule 9.1, YECL provides forecast capital expenditures for generation. Historic actuals range from a low of $779,000 in 2009 to a high of $3,115,000 in 2012. The forecasts for 2013, 2014, and 2015 are $6,696,000, $7,759,000, and $5,900,000 respectively. The City requires an understanding of the ability of YECL to complete this aggressive schedule of construction.

Request

(a) For each generation project forecast for 2013, please provide an update of the status of spending as of June 30. Also, please indicate if YECL has updated any of its forecasts of 2013 spending.

(b) For each year, please indicate which generation projects YECL would defer if there is a constraint on resources, and YECL cannot complete all generation projects.

CW-YECL-29

Issue: **Capital Expenditures – Business Cases**

References: YECL Application, Business Cases

Preamble: YECL has proposed the replacement of a number of diesel generators.

Request

(a) Please provide an inventory of diesel generators, with the age of each, the year each was installed, and the year forecast to be replaced in the test period.

CW-YECL-30

Issue: **Depreciation**

References: YECL Application, page 7-1

Preamble: On lines 15-17, YECL indicates that it has requested reinstatement of a provision for future removal and site restoration in depreciation rates. The City requires information to understand the impact of the change.

Request

(a) Please provide Schedules 7.1 through 7.5 with the impact of the reinstatement of future removal and site restoration in depreciation rates removed.

(b) Please confirm that there are no adjustments to reserve differences to catch up on uncollected provisions for future removal and site restoration. If not confirmed, please provide an analysis summarizing the impact of changes to reserve differences for 2013-2015.

CW-YECL-31

Issue: **Depreciation**

References: YECL Application, page 7-2

Preamble: Starting on line 4, YECL discusses its proposal for deferral treatment of depreciation parameters. The City requires information to understand the proposal.

Request

(a) On line 8 of page 7-2, YECL asserts that IFRS requires it to review depreciation parameters annually. Please provide the complete pronouncement of IFRS that YECL asserts require it to review depreciation parameter annually, indicating the portions that support the YECL position.

(b) Please confirm that none of the YECL affiliates, including Northland Utilities (Yellowknife), Northland Utilities (NWT), ATCO Electric, ATCO Gas, or ATCO Pipelines, have a deferral account for depreciation parameters. If not confirmed, please fully explain.

CW-YECL-32

Issue: **Depreciation**

References: YECL Application, Attachment 1, page II-23.

Preamble: Under Account 473.00 – Distribution Poles, Towers and Fixtures, Mr. Kennedy indicates that Distribution Poles, Towers, and Fixtures are analysed together as one group.

Request

(a) Please fully describe the assets included as fixtures.

(b) Please confirm that, under IFRS, assets are to be grouped or componentized into groups that have similar lives. If not confirmed, please fully explain.

(c) Please provide all analysis conducted that demonstrates that each of Distribution Poles, Towers, and Fixtures have similar lives.

(d) Please provide the original cost of each of Distribution Poles, Towers, and Fixtures forecast for 2013, 2014, and 2015.

CW-YECL-33

Issue: **Depreciation**

References: YECL Application, page 7-1

Preamble: On line 10-14, YECL states:

> 10 .....For this
> 11 depreciation study, Yukon Electrical has incorporated the usage of a life span analysis
> 12 (similar to hydro generation) for each of its diesel generation locations. This will allow
> 13 for more accurate depreciation rates for diesel generation facilities. The depreciation
> 14 methods and results are presented in the study.

The City requires information to understand the impact of the change.

Request

(a) Please provide a full and complete explanation of the difference between the life span analysis and the previous depreciation method for diesel assets.

(b) Please fully explain how the life span analysis produces more accurate depreciation rates.

(c) Please provide an analysis that clearly quantifies the impact of the change on depreciation rates and expense.

CW-YECL-34

Issue: **Depreciation**

Reference: Application, Section 7–Depreciation

Preamble: In order to better understand the historical relationships reflected in net salvage and life analyses, it is necessary to have a better understanding of the type of investment currently in place, the type of investment recently retired, and various accounting practices.

Request:

(a) A detailed categorization of the investment in each account, along with the corresponding dollars of investment as of the end of the depreciation study period and any incremental periods available through the forecasted 2015 test year. The information should be provided on electronic medium in Excel readable format.

(b) The detailed categorization of investment by account retired, by year, for the past 10 years, along with the corresponding dollar value for such retirements. The information should be provided on electronic medium in Excel readable format.

(c) A detailed narrative identifying each separate major voltage upgrade program, along with the dollar level of retirement activity, by account, by year, associated with each such voltage upgrade program. The information should be provided on electronic medium in Excel readable format.

(d) A detailed narrative, corresponding support, and justification, including documentation, associated with the allocation of costs between cost of replacement activity and cost of removal in instances where replacement activity transpires. Further, indicate the timeframe when such policies went into effect and, if implemented within the last 10 years, identify the prior policy and explain the impact of each modification.

(e) Identify YECL's policy of applying group depreciation rates developed on a group basis to individual assets within the group. The response must state whether YECL ceases the booking of depreciation expense for any given asset within a group once that asset becomes, in YECL's opinion, fully accrued or whether YECL continues to apply the group-developed depreciation rate to all assets within the group as long as each item within the group is still plant in service. Further, provide all support, justification, and documentation associated with the response.

(f) Whether YECL practices cradle to grave accounting or location accounting and if location accounting, which accounts have experienced such transactions, clearly identifying the actual accounting treatment as well as the dollar level of retirements, gross salvage, and cost of removal by year, by account, for the past 10 years.

(g) The annual level of retirements by account by year and the corresponding vintage year of addition due to the major capital expansion program being undertaken. The information should be provided on electronic medium in Excel readable format.

(h) A detailed narrative identifying the specific factors considered by account and the weighting of such factors in the determination of each specific average service life and corresponding dispersion pattern proposed. Further, provide all supporting and underlying documents associated with each weighting.

(i) A detailed narrative identifying the specific factors considered by account and the weighing of such factors in the determination of each specific net salvage value proposed. Further, provide all supporting and underlying documents associated with each weighting.

(j) All interview notes.

(k) All correspondence, memos, emails, etc. between YECL and Gannett Fleming.

(l) All site visit notes.

(m) All industry comparative data identifying life and/or salvage values, by account or subaccount, maintained by Gannett Fleming (not limited to Canada), identifying the specific utility, jurisdiction, and date corresponding to the establishment of the depreciation parameters.

(n) The fully loaded labor rate, by year, for the past five years, for an entry level laborer, machine operator, and a construction crew supervisor (i.e. the same particular type of construction crew member with the same level of experience in each year such that the assumed laborer in all five years has the minimal years of experience), along with all supporting documentation.

(o) The basis, including all documentation, in support of assumed future labor escalation factors and how such factors were specifically incorporated into the depreciation analyses by account.

(p) A detailed description of YECL's current pole maintenance program and when such program was first implemented.

(q) A detailed description of YECL's current tower maintenance program and when such program was first implemented.

(r) The values of additions, retirements, gross salvage, cost of removal, etc., by account that were modified from YECL's continuing property records for inclusion and presentation in its depreciation study. Each adjustment should be categorized by year, account, and dollar amount. Further, provide the detailed reason for each modification.

(s) Each separate life table developed from each separate life analysis performed by account on electronic medium in Excel readable format. Further, provide the full basis why each resulting life-curve selection was rejected.

(t) The detailed analysis performed to allocate the accumulated provision for depreciation from the functional level to the current account level and to life and salvage components.

(u) A detailed narrative identifying and explaining the specific role that judgment and experience played in development of life and net salvage parameters for each account. The information should be provided in sufficient detail so as to clearly identify the role played by judgment and experience in establishment of the final value for each account. Further, provide all underlying documentation and support that verifies the reasonableness of the claimed role of judgment and experience as it influenced the final selection of life and net salvage parameters for each account.

(v) A copy of all work orders reflecting the retirement of a mile or more of transmission lines during the past 5 years.

(w) A detailed cause of retirement study by account.

(x) Whether the net salvage data is time synchronized with retirements, and if not, the maximum amount of time the data is not synchronized, by account.

(y) A copy of each depreciation-related schedule on electronic medium in Excel readable format.

CW-YECL-35

Issue: Depreciation Study

Reference: Application, Section 7, Attachment 1 – Depreciation Study

Preamble: In order to better understand the historical relationships reflected in net salvage and life analyses, it is necessary to have a better understanding of the type of investment currently in place, the type of investment recently retired, and various accounting practices.

Request:

(a) Please produce all additional working papers or other documentation supporting the depreciation study set out in the Application at Section 7, Attachment 1 including any notes of discussions that Gannett Fleming or Mr. Larry Kennedy had with YECL or employees of YECL.