

IN THE MATTER OF THE YUKON ENERGY CORPORATION
2025-27 GENERAL RATE APPLICATION
Heard before the YUKON UTILITIES BOARD
Reply Argument of Nathaniel Yee

This Reply Argument addresses YEC's Final Argument and issues that I had brought up at the oral hearing, and serves as a supplement to my Final Argument.

"Not only is this public hearing an opportunity to test our application, it is also an opportunity to discuss the challenges facing Yukon Energy and Yukoners more broadly."

-YEC Opening Statement, 2025-27 GRA, October 17, 2025

1. There YEC's current plan indicates a few areas of decreased reliability in comparison with previous years:
 - a) As noted in YEC's Final Argument, continued reliance on DD2 and DD5.¹ These units are past their expected end of life. They are still in operation because YEC has failed to develop other capacity and needs this capacity. If the goal is safe and reliable power, depending on units past expected end of life adds risk and does not guarantee safe and reliable service.
 - b) In the last GRA, all installed diesel units were updated to nameplate capacity and beyond, with no explanation. This also makes reliability questionable. While most have been very slightly derated, they are still considered more dependable than they were many years ago. A great example is DD5, which as noted is past expected EoL, which is also listed as having more "dependable" capacity than it had in 2008.² While YEC may be meeting N-1 requirements, it is being done through the lowering of standards and increasing risk.
 - c) In the past two GRAs, YEC insisted that "spares" were needed where rental diesel was installed, due to the unreliability of the rental units. Now there are no spares on the system, because all capacity is needed. YEC had said the spares were needed in each location to guarantee reliability, but these no longer exist, and reliability is compromised.
2. These conditions have and will continue to decrease reliability of the system, and Yukon Energy has provided no alternative to this happening. Can a decrease in reliability be considered prudent? Costs go up and reliability goes down. How has it come to this?

¹ YEC Final Argument p. 47, PDF p.50

² Exhibit 4 p.5 and NY Final Argument YEC GRA 2023-24 para 69, taking capacities from YESAB 2008 and more recent.

3. And as it has in the past two GRAs, YEC does not present alternatives to whatever it happens to be proposing at the moment, be it rental diesel with or without spares, the continued use of generators that YEC declared to be at end of life in the last GRA, or big new diesel facilitates that may or may not be built on time, there are no other options.
4. By consistently declaring the quick fix of the moment to be “the only feasible option” or a “must have”, YEC has continued to short change the discussion of prudence.
5. And as we see projects started and abandoned and started again, the results show that decisions and directions have not been prudent. So here we are in 2019 2025 discussing permanent thermal plants in Whitehorse. Have we been here before?
6. Recommendation: In this GRA YEC is presenting no alternatives to less reliable service at a much higher cost to customers. As I recommended in my Final Argument YEC should produce an audit and a lessons learned document concerning what did or did not work in the last 15-20 years, and discuss how the planning process can be improved to avoid more wasted money and time. Ideally this will allow the Board to direct YEC to end its reliance on ad-hoc, short-term project justifications and move towards prudent long term planning. Repeated last minute fixes indicates a problem. Let’s work to fix it.
7. Recommendation: In YEC’s 2021 and 2023-24 GRAs, the Board chose to fund YEC’s unlawful (unassessed and unpermitted) capacity. This became the subject of an appeal that I brought against Yukon Energy and the Board. While the decision has not yet been announced, I ask that the Board reject inclusion of unlawful and unauthorized capacity in costs. Unlawful activities are not prudent and should not be allowed in costs. Repeatedly relying on charging customers for unlawful activities also indicates a problem that should be solved.
8. As noted in the stacking order and confirmed in the Final Argument,³ YEC has chosen to put the rentals higher on the stacking order than than the new diesels . Choosing to use units that are less efficient and pollute more does have a cost, and this should be quantified, should YEC insist on the operation of less efficient alternatives.
9. From the Decision Document for YESAB 2024-0145 for Faro diesel expansion:

The Proponent shall design and install an effective noise barrier or other equivalent noise control(s) associated with the generators on site to reduce current noise levels. The efficacy of the method of noise reduction must be demonstrated to the Regulator as per the timeline specified in the permit.
10. From the answers given in in the hearing and its Final Argument, it seems that YEC has not put much consideration into this requirement.⁴
11. Recommendation: That the Board direct YEC to meet the requirements of the Decision Document, and design and install an effective noise barrier – or explain any

3 YEC Final Argument p.48 PDF p.51

4 YEC Final Argument p.49 PDF p.52

why it has chosen to ignore this requirement. It is of course not the Board's position to enforce what is on the Decision Document, however supporting YEC's ignoring of this known requirement from another regulator could bring its own risks. If the Board endorses YEC's ignoring of this requirement, the risk and potential cost of non-compliance should be quantified.

12. It is concerning that there has been no consideration of how these steep and sudden rate increases will affect low and fixed income residents, and that the only mention of low-income households was in the section concerning DSM.

And to UCG's Final Argument:

13. I support UCG's concerns with affordability, and had asked about this issue concerning low and fixed income customers at the hearing.⁵ I support UCG's recommendation "that the Board only sanction the 2025 test year and put on hold the 2026 and 2027 rates until a look at rate relief programs is investigated, offered through the utility or the government and implemented."⁶

Conclusions:

14. I am guessing that YEC will claim everything other than costs for the latest quick fix is out of scope, and we will continue to be faced with one last minute quick fix after another as has happened in the last few GRAs. I suggest instead that that we work to break out of this cycle.
15. As YEC noted in the concluding sentence of its Opening Statement, "...it is also an opportunity to discuss the challenges facing Yukon Energy and Yukoners more broadly." Yes, this needs to be done, and serious consideration should be given to recommendations here and in my Final Argument. It's clear that a new approach is needed, as the usual one has not met anyone's definition of success.

Respectfully submitted,

Nathaniel Yee
27-November, 2025

5 Transcript Vol 1 p. 39, line 1.

6 UCG Final Argument para 55