YUKON UTILITIES CONSUMERS' GROUP (UCG)
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October 12, 2021

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3
Attention: Mr. Richard Buchan , Chair

Re: Yukon Energy Corporation - 2021 General Rates Application
UCG Final Argument

Dear Mr. Buchan and Board Members:

Enclosed is the final argument submissions of the Utilities Consumers' Group for the above noted proceeding.

If there are any questions concerning the contents of this submission, please direct all inquiries to me by email at rrondeau@northwestel.net or by phone at 633-5210.

Regards,

Roger Rondeau
for Yukon Utilities Consumers' Group

YUKON UTILITIES BOARD
IN THE MATTER OF the *Public Utilities Act*
Revised Statutes of Yukon, 2002 c.186, as amended

and
IN THE MATTER OF Yukon Energy Corporation's General Rate Application for 2021

FINAL ARGUMENT OF YUKON UTILITIES CONSUMERS' GROUP

October 12, 2021

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Introduction and General Concerns

1. The Yukon Utilities Consumers' Group (UCG) is a not-for-profit organization registered as a society in the Yukon since 1993. UCG represents residential and small business ratepayers in regulatory proceedings, conducts research, makes submissions, communicates with active stakeholders, including government, and helps consumers with issues they have with utility service providers.

2. It is UCG's understanding that the purpose of this review is to ensure that Yukon Energy's requested revenue requirement to be recovered in electricity rates allows for adequate, reliable and affordable supply, transmission and distribution of electricity in the Yukon. For this test year, YEC is seeking a revenue requirement of $75.135 million for 2021, which is an increase of $25.342 million or 50% over the 2018 approved.

3. The public review of YEC's current General Rate Application has raised many important issues including the continued use of expensive professionals from outside, while at the same time spending millions of dollars (to go into rate base) on increasing professional staff and new computerized systems: i.e..EAM, PAMM, ERP, (give examples)

4. UCG remains concerned to what appears to be the continued resistance from YEC and ATCO Electric Yukon (AEY) to work together on a more comprehensive application and analysis of the cumulative impacts of their proposals and operations on electricity end-users. UCG submits that given that rates are set on a Yukon-wide basis, YEC and AEY should be required to file annual consolidated operating results so that comparisons can be made to the allowed costs of service and revenue recovery. UCG is asking the YUB to take this opportunity to provide specific direction to the utilities in this area.

5. UCG submits that the YUB should provide clear and specific directions to YEC with regards to the timing of future general rates applications; i.e. ample timing before any test year with specific penalties if these directions are not followed by the utilities. UCG questions why YEC cannot be held to spending at an approved budget level that has been set prior to the start of its operating year as most companies are required to do on a regular basis.

6. UCG submits that it should not be necessary for intervenors to continually submit motions regarding incomplete responses to information requests and incur these additional costs. Specific directions from the YUB are necessary on this issue along with specific repercussions if these directions are not followed.

Summary of UCG's Primary Arguments

7. UCG submits that it is extremely important what the Board looks at in this application is the increase in revenue requirement ($25.342 million or 50% over the last GRA approved) for this test year, not the final outcome of this 'smoke and mirrors' petition presented by Yukon Energy; I.e . matching the timing of applied increases with the freezing of Rider F and the ending of rider J1 to allow for no/or little billing increase to ratepayers.

8. Although sales revenues have increased significantly, the YEC failed to cut costs, both in its operational priorities as described in UCG-YEC-1-26 Revised, as well as in managerial constraints as described in YUB-YEC-1-43. Even during the very lean time (at least according toROE results) of 2019 and 2020 years, Yukon Energy failed to limit their spending. Instead of keeping the expenses

down to increase their profits they chose Business As Usual!

9. UCG submits this demonstrates clearly that if Yukon Energy would not pull up their apron strings to increase the profits for their shareholder, it is unlikely YEC will utilize expenditure performance in a year where they are going back to the well requesting ratepayers to make up for what YEC likes to call “revenue-shortfall.” This is also smoke and mirrors as it is not a fall in the revenues or sales causing this shortfall, but an increase in the expenditures (especially for capital projects), At the time of writing this argument, Yukon Energy is asking for yet another interim rate increase as they fear the Board will not render a decision in time the register new rates in December of this year.

10. Accordingly, UCG submits that as part of its decision in these proceedings, the YUB should make very specific directions to YEC (and AEY) with regards to the timing and content of general rate applications, to prevent this lag. UCG submits that the YEC (and ATCO Electric Yukon) must be directed to change their budgeting and application processes to allow for reviews of their budgets and general rates applications in advance of the effective dates of the test years. This is standard operating procedures and “generally accepted principles in other Canadian jurisdictions.”

11. UCG submits that once YEC’s 2021 revenue requirements are established by the YUB, this should be rolled into existing base rates (without rate riders) in a compliance filing. YEC proclaims that this is an onerous task, but this is again what is generally accepted principles in rate making. Consumers want to see and understand what they are paying for on their bills, not a multitude of rate adjustments and/or various riders that they have no idea of what they are paying for.

12. UCG submits that the current delegation and escalation of capital costs by Yukon Energy including what they refer to as internal costs, internal project management, owner's costs and owner's engineer's cost present ongoing concern. Yukon Energy delegates these costs to every capital project for the last number of GRAs and this has greatly added to an already inflated rate base. Please refer to YUB-YEC-1-49 pages 1-7 which exhibit this claim.

13. UCG requests the Board to direct Yukon Energy not to apply in-house costs to capital projects or any other project as these personnel are already being paid a fair wage under their union contract. The ratepayer is already paying full costs for staff in the revenue requirement, so they should not be asked to pay for these costs again in a rate base.

14. UCG submits that since we have been void of a Phase 2 review for sometime now, the YEC has failed to provide ample evidence in this application to indicate that the industrial rates established by the utility and the Yukon government edicts actually recover the full cost of service for that particular rate class.

15. UCG contends that the utilities’ franchise obligations to serve should not carry with it implicit responsibility on the part of ratepayers to subsidize service to industrial customers. If the YUB demonstrates firmly in its direction that non-industrial ratepayers should not subsidize industrial customers, then UCG expects that this will force the Yukon government to finally take responsibility for its actions to use it's arms-length-publicly-owned utility to promote the mining industry.

16. As has already been determined by the YUB, *“load forecasting and planning for load growth should account for the base, non-industrial load separately from the more transitory industrial load potential so as to protect longer term ratepayers from adverse rate impacts associated with capital spending made necessary for the purpose of meeting short term industrial loads*.” [1]

17. UCG submits that If the current approach to forecasting and GRA development is continued,

1 Order 2009-8 Reasons for Decision, page 9

then the load forecasting for the 15,000 or so non-industrial customers of electricity in the Yukon should be undertaken in a comprehensive way by YEC and AEY in full cooperation, not, as is currently the case, in a piecemeal and apparently inconsistent manner.

18. UCG submits that evidence has clearly demonstrated that the current LR forecasting models, i.e YECSIM, of the YEC are unreliable and an untested science. As such we request the Board direct YEC, in a compliance filing, to use the most up-to-date information available to file a short term forecast for this one year test year, that is now into the final quarter.

19. Since, the climate for cost of service regulation persists in the Yukon and Yukon Energy cannot ensure the internal controls of its' expenses, then ratepayers must rely on independent external auditors/support staff of the Board to assess the performance of the YEC business model.

20. UCG submits that “reasonable diligence” requires affirmative actions by the regulator to avoid unreasonable risk to ratepayers. Accordingly, we ask the Board to make firm decisions on what should be utility risk and what should be ratepayer risk. A risk premium for Yukon Energy needs to be reviewed, qualified and quantified.

21. UCG submits the major risks to Yukon Energy are their management decision-making and budgetary procedures (as demonstrated in the collapse of their profits in 2019 and 2020).Yukon Energy has many protecting accounts shifting the burden to ratepayers; such as Rider F, the LWRF, loans from their mother corporation (the YDC), interim rates

22. Regarding capital expenditures for this test year, UCG submits that only new power plant construction or modifications or transmission facilities, that have undertaken a thorough prudence review to determine that all areas of conduct were completed in an economic fashion and are now proven to be “used and useful” in providing a service to ratepayers, are allowed into rate base. All other capital works programs should be placed into a WIP or a deferred account until a proper prudence review can take place.

23. UCG submits that is now the time for the Board to decide if we place stranded assets or projects, which will never be used and useful in providing a service, be allowed into rate base or placed in a separate deferral account based on a clear interest rate. (Please see UCG argument lines ..... on this issue).

24. With respect to the deferred costs that YEC is proposing to be added to rate base in 2019,2020 and 2021; including cost for feasibility studies for a wide range of projects, continued relicensing work and water licence amendment projects, e.g., Mayo Lake Storage Enhancement Project), regulatory work (includes DSM), and dam safety review work; there has been no evidence submitted that Yukon ratepayers have received or will receive any specific benefit from the costs incurred for the many feasibility projects. As is noted in more detail later in this argument, UCG is particularly concerned about the Deferred costs additions to rate base net of contributions approximated $1.5 million at the end of 2019 and are forecast at approximately $4.0 million at the end of 2020 and $1.9 million at the end of 2021. Deferred costs in rate base are forecast at approximately $10.3 million at the end of 2021. Deferred expenditures in WIP at the end of 2019 were approximately $19.9 million and are forecast at the end of 2020 and 2021 at approximately $21.3 million and $30.0 million respectively. [2]

25. UCG submits that these costs should remain in WIP until the Board makes a decision on where to place projects that are not yet proven 'use and useful' for service. First, we request the board staff to scrutinize these expenditures to determine their prudency and then determine whether they should be expensed or capitalized. UCG submits that feasibility studies, like the ones above, that

2 2021 YEC Application, sec. 5.3 Deferred Costs

are prudent, be placed in a deferred account with a similar return as is paid for by the ratepayer to YEC for their debt or rolled into a related capital asset, but NOT added to rate base.

26. UCG submits YEC should not be allowed to add capital cost overruns to rate base unless they can provide clear justification that the cost overruns were prudently incurred given the approved scope of the projects. We recommend the Board utilize strong oversight in this matter.

27. UCG submits that the Board provide some direction on YEC bringing Resource Plans before the regulator, prior to a rate application or the construction/implementation of major projects, to make recommendations to the Minister Responsible. Where the utility produces an integrated resource planning process before bringing the projects to capital outlay, this allows the regulator and other parties the opportunity to review all major investment proposals and alternatives, looking at costs, consistency with planning goals and other local factors to be considered. (Please see UCG further arguments on this issue lines .....

28. UCG submits YEC's reliability performance measures should undergo a review by the YUB to determine if YEC is actually improving reliability and reducing line losses as a result of money being spent on system improvements.

29. UCG submits that there has not been enough customer impact analysis placed on the record to fully inform the YUB what is happening to revenue-to-(true)-cost ratios nor the end user's bill.

30. UCG submits that YEC should be directed to not only address bill mitigation for those customers who are striving to keep heat and lights on in their homes or purchase proper food for their family. We request the Board direct YEC to develop and implement a policy in this regard.

31. For future rate applications, UCG submits that our preference would be for the YUB to proactively regulate in the public interest, i.e. to act progressively and evolve Yukon regulation to a performance-based style as is the mode of rate regulation in nearly all jurisdictions across Canada, as well as has been initiated for many years in the USA and European models of utility regulation.

31. As UCG requested in earlier proceedings, one consideration of the YUB would be the engagement of an independent expert to assist in the benchmarking of the cost components of YEC (and AEY) operations to appropriate comparators within North America. The YUB and intervenors require this information to assess the performance of our utilities relative to industry standards and to assist in the important task of adjudicating the prudency of utility decision-making.

32. UCG submit that YUB recommend to the Yukon government that all significant capital projects should be designated by the Yukon government as regulated projects pursuant to Part 3 of the *Public Utilities Act* (or by equivalent government order for review) so that they can be individually reviewed by the YUB and stakeholders prior to significant investment and construction. In the case of large, time sensitive projects, an ongoing audit process should be implemented to ensure project transparency and to provide ongoing approval as the project develops, while allowing the project to proceed without undue delay.

33. While it is understandable that YEC will need to spend some money on project feasibility to properly define capital projects, any money spent should be held with all other project management costs in a deferral account. Due to the fact that YEC has spent vast amounts of money on far too many projects in the past, UCG submits that only upon further examination by the YUB and its approval/recommendations; i.e. in an integrated resource plan review; should YEC move to next stages for all larger projects or accumulated projects.

Revenue Requirement

34. In response to UCG-YEC-1-7,Yukon Energy rationalizes "*Most of the forecast $25 million increase in revenue requirement as referenced is increased sales funded fully at existing rates. The forecast 2021 revenue shortfall to be recovered through increased rates is $10.971 million (see Table 4-1)."*

35. UCG submits that since Yukon Energy took over the management of their own assets, the revenue requirement has increased substantively each year and more progressively as time passes, as the table below indicates:

- 2005-$26.036million,
- 2006-$$27.690 million,
- 2008-$29.217million,
- 2009-$31.709million,
- 2010-$32.397million,
- 2012-$39.857million,
- 2013-$42.263million(GRA approved), 2013(actual)-$43.897million,
- 2014-$41.247million(actual),
- 2015-$41.855million(actual),
- 2016-$42.686(actual),
- 2017-$48.544million(GRA approved),
- 2018-$49.864million(GRA approved), [3]

36. Now, in this application before the Board, YEC is requesting a $74.767million revenue recovery. This 50% increase, since the last GRA in 2018, is unprecedented in the YEC history. Although Yukon Energy rationalizes that over half of this increase is recovered through increased sales, this simply ads to the evidence that they have a poor record of controlling expenses.

37. Yukon Energy employs Fortis BC Inc.(Electric) as its comparative for their risk premium, then it would be logical to compare the revenues,operating income and expenses of the two utilities. In 2019 YEC expenses to revenues were negative 11% while Fortis was positive 30%; in 2020 YEC expenses to revenues were positive 6% while Fortis was positive 30%.[4]

38. This above evidence clearly sets out yet again that Yukon Energy has difficulty in their effort to control spending when compared to their comparator utility. Their gross margin is insufficient at the most and very frail at the least.

39. In the same IR,UCG-YEC-1-7, Yukon Energy give some reasons why such a large increase: "*The forecast 2021 revenue requirements primarily reflect proposed adjustments to thermal generation requirements (due to increased loads) and fuel prices (beyond YEC's control), changes to labour and non-labour costs, changes to depreciation resulting from a depreciation study provided as directed, and the impact of increases in rate base relative to 2018 approved numbers,"*

40. UCG submits each of these drivers have to be individually dissected:

- First thermal generation requirement. UCG understands, (although we do not agree with the concept as outlined later in our argument on this issue), that there are additional costs in renting the diesel generators for N-1 purposes.

  But Yukon Energy has Rider F to take away the risk of changes in diesel or LNG fuel

3 Appendix A to Board Order 2018-10 (Reasons for Decision)

4 Taken from Table 1; Revenues and Operating Income for YEC compared to Fortis BC Inc.; UCG-YEC-1-32 Revised

prices. And to top this off, Yukon Energy has failed to update their diesel and LNG costs and requirements.[5]

Yukon Energy states in 2021 GRA Supporting Documents Tab 1 p.• ***Thermal Generation*** *requirements are growing due to higher firm grid loads – The 2018 Compliance Filings approved a forecast of 16.4 GW.h for long-term average (LTA) thermal generation requirements to supply the 2018 forecast grid load of 420 GWh. The 2021 LTA thermal generation forecast is 1 84.3 GW.h for a forecast grid load 538.7 GW.h. The increased LTA thermal generation accounts for $10.8 million of the 2021 GRA cost increases from the approved 2018 GRA (based on 2018 GRA approved fuel prices). These added LTA thermal generation costs due to load growth are more than fully recovered by the increased revenues ($14.4 million) from the load growth. (emphasis added)*

UCG does not have faith in the forecasting models utilized by Yukon Energy as described later in our argument. Also, if load growth income exceeded these costs of thermal generation, then what is Yukon Energy applying for?

- Second, labour and non-labour costs are one area Yukon Energy can budget and control. Yukon Energy personnel are already paid well[6], as well as the management, [7] so there is a need to curtail wages, management and professional pay.

- Third, see later section of UCG argument for which we request the Board closely scrutinize depreciation, amortization and working capital costs.

- Fourth, the capital expenditures have become far too burdensome and big-ticket for Yukon ratepayers to continue paying, as UCG submits in argument later in this document. UCG fully comprehends that the utility must move forward with repairing and replacing infrastructure as they age out of usage, but we submit that far too much of these costs are for outside consulting and management, internal costs added to the cumulative costs of projects, and the practice of almost always choosing the Cadillac, not the mid-road-cost option.

41. Accordingly, UCG submits that the Board scrutinize these items very closely and direct decreases in the YEC revenue requirement to represent airtight budgeting and a follow through with some cost cutting measures.

Forecast System Sales and Revenues

42. UCG continues to question the forecast methods utilized by Yukon Energy, which rely on an untested program. As the YUB has previously determined:

> *"If YEC is to continue to use the YECSIM model for forecasting, it has to make the model and its results available for testing by an independent expert because as a public utility its forecasts and rates proposals that are based on its forecasts are subject to testing by interveners and the YUB. Providing forecasts which can be tested is essential in setting rates."* [8]

UCG submits this direction has never been followed by the YEC.

Furthermore as CW-YEC-2-1 to 2-3 demonstrates YEC is lacking on using weather normalization, fails to test or coordinate with ATCO on wholesale sales and Fish Lake hydro production, and has problems accurately forecasting mine sales.

UCG has concerns that YEC's current sales forecast (calculated retrospectively, but utilized prospectively) can have a significant impact on energy prices paid by Yukon ratepayers. The weather

5 Transcripts, Day 2
6 UCG-YEC-36
7 UCG-YEC-1-26 REVISED
8 YUB Order 2015-01

normalization process may have a big impact on the determination of test year sales used in a rate proceeding because electricity service and revenues are weather-dependent..

UCG has even greater concerns with YEC's forecasting of hydro and thermal generation (as outlined later in this argument).

43. In its January 15, 2007 Report to Executive Commissioner regarding YEC's 20-Year Resource Plan, the YUB stated the following:

> *"In order to properly test the veracity of the load forecasts and to assist in the testing of adjustments to revenue requirements, the Board suggests that YEC and YECL jointly prepare and file, for information purposes, 2-, 5-, 10-, and 15-year load forecasts by rate class every two years. For rate design and cost-of-service purposes, applications cannot properly proceed without load forecasts, jointly prepared by YEC and YECL, documented at the rate-class level. With YECL providing distribution service to most Yukon residential and commercial customers, YECL input in use patterns and customer growth is essential. The utilities are to solicit input from stakeholders and document within the forecasts all assumptions and consultations used in developing these forecasts. Further, the forecasts should include a narrative discussing the sensitivity of the forecast to alternative fuel supplies (for example, growth in home heating options) and the probabilities of those alternatives proceeding)."* [9]

44. UCG is not aware of any joint submissions by YEC and AEY regarding 2-, 5-, 10-, and 15-year load forecasts by rate class. If the YUB felt that these types of load forecasts are needed to properly test the load forecasts used to develop YEC's revenue requirements, UCG questions how YEC's current load forecast can be properly reviewed and validated by the YUB and intervenors.

45. Yukon Energy applies for in **3.2 FUEL AND PURCHASED POWER**
Fuel and Purchased Power costs as set out in Table 3.2 for the 2021 test year increase to $15.897 million (from $2.677 million in 2018 approved), reflecting primarily both increased load and higher fuel prices, as well as added purhased power cost [$0.314 million] for Independent Power Production (IPP)
As reviewed in Section 2.3.2, Yukon Energy's annual fuel costs are based on forecast hydro and thermal generation determined on a long-term average basis. This analysis applies only to firm load requirements.
The test year long-term average forecasts for hydro generation have been updated to reflect new information, and forecast long-term average thermal requirements for the test years are assumed to be supplied with a combination of 90% LNG and 10% diesel generation, the same ratio as approved in the 2018 GRA (see Section 2.3.2). **Table 3.2: Fuel and Purchased Power ($000)** [10]

	2018 Approved	Actual 2018	Actual 2019	Forecast 2020	Existing 2021	Proposed 2021
Fuel	$ 2,638	$ 5,295	$ 6,153	$ 11,814	$ 12,787	$ 15,530
Purchased Power	39	53	57 6		367	367

46. YEC has applied to recover fuel and purchased power costs of $15.897 million in the 2021 test year, as well as approval to adjust diesel prices used in setting fuel costs to reflect current forecast conditions.

47. UCG submits this forecasting gives Yukon Energy the advantage of having all the assymetrical information and input into their model, without any consultation with ATCO or ratepayers. It therefore gives the YEC a risk advantage over the ratepayer in determining diesel and LNG forecast amounts and costs. They YEC also has the LWRF and Rider F to play with, also lowering their risk to the detriment of its ratepayers.

48. UCG submits this should be carefully reviewed by the YUB for all the reasons above, as well

9 YUB Report to Executive Commissioner - YEC's 20-Year Resource Plan, January 15, 2007, page 5
10 YUKON ENERGY CORPORATION 2021 GENERAL RATE APPLICATION NOVEMBER 2020
SUPPORTING DOCUMENTS PAGE 3-4

as some of these costs being driven by YEC management decisions that do not improve the operational efficiency of YEC at all. UCG also submits that the LWRF must not be served to protect the YEC from adverse management operating decisions.

49. When questioned about supply side management the YEC appeared to not know what this concept was. [11] Their response was that in the past Yukon Energy did some DSM on their own facilities.

50. UCG submits that since the strain on the YIS system is quite often times of peak electricity usage, A couple of prime example of supply-side-management is for the YEC to utilize "peak-shaving" techniques, especially for the mines (which also have the privilege of blended rates), as well as working with ATCO to implement voltage management (which is described as a method of conservation that dwarfs all the energy efficiency rebate programs).

51. Accordingly, UCG requests the YUB direct Yukon Energy to apply some supply-side-management techniques in their portfolio.

Depreciation, Amortization, Working Capital and Return on Equity

52. UCG interprets depreciation broadly as an expense used to recover the utility's plant investments cumulative throughout the service life of each asset. A basic principle to ratemaking is to only charge ratepayers for those assets that are now being used to provide them with a service. In other words today's customers must only pay for today's plants, not tomorrows or yesterdays. By following this principle, intergenerational inequities are minimized.

53. Since depreciation expense makes up a significant portion of this applied for revenue requirement, the determination of how quickly to recover the investment can greatly impact ratepayers and/or the utility. For example, too much depreciation expense for each year will result in higher rates and an increased cash flow for the utility in that particular year. Too little depreciation taken each year will result in lower rates and a decreased cash flow for that year, but would result in a longer term benefit for the utility's return on equity as these assets would remain on rate base longer.

54. The GRA evidence indicates that in early 2019 Yukon Energy undertook an independent study to better define the overall remaining life for each specific type of utility asset. Again, we submit that like all analytical studies, this depreciation study even though it relied somewhat on historical facts/data(conveyed by the utility), the outcome is also based on judgments of the analyst. It is not an exact science, somewhat like the YECSIM.

55. In UCG-YEC-1-7, Yukon Energy rationalizes: "*The forecast 2021 revenue requirements primarily reflect proposed adjustments to thermal generation requirements (due to increased loads) and fuel prices (beyond YEC's control), changes to labour and non-labour costs, changes to depreciation resulting from a depreciation study provided as directed, and the impact of increases in rate base relative to 2018 approved numbers."*

56. The real impact on revenue requirement for this 2021 test year proposed by Yukon Energy is:

Capital Costs 4,148m	***37.8%***
Depreciation (fixed asset increases) 1,154m	*10.5%*
Deferred costs amortization 858m	*7.8%*
Long-term debt cost 907m	*8.3%*

11 Transcript Day 2, p.287

ROE increase 1,229 m *11.2%* [12]
amassing a total of $11.3 million return on equity [13] (a $1.229 million increase from last GRA), a depreciation increase of $1,154 million (since last GRA , **including $0.6million of this increase resulting from depreciation study** [14]), a deferred cost amortization increase of $0.858million since last GRA and an increase of $1.8million of working capital since last GRA [15]

57. This certainly does not reflect a desired balanced outcome for depreciation, rate base and working capital.

58. As the UCG does not have the expertise to clarify a balanced outcome for depreciation, working capitatal and rate base, we have to rely on the professionals of the YUB to find this niche. At the same time, It is also imperative for the Board to determine a reasonable salvage amount for each asset.

Escalating Rate Base and Costs for Planning and Capital Works

59. UCG submits that the rapid increase in YEC's rate base as demonstrated below has been driven by over-spending on their forecast capital budget:

Test Year Mid-Year Rate Base, $000 Reference

1997 116,321 YEC 2005 Required Revenues and Related Matters, Attachment to McMahon-YEC-1-29 a)
2005 140,793 2008/09 GRA Compliance Filing, Schedule 4A
2008 143,184 2008/09 GRA Compliance Filing, Schedule 4B
2009 147,969 2008/09 GRA Compliance Filing, Schedule 4C
2012 216,467 2012/13 GRA Compliance Filing, Schedule 4B
2013 226,684 2012/13 GRA Compliance Filing, Schedule 4B
2017 272,931 2017/18 GRA Compliance Filing, Schedule 4B
2018 287,478 2017/18 GRA Compliance Filing, Schedule 4B[16]
2021 322,777 2021 YEC Application

60. As shown in the chart above, YEC's rate base is requested to increase from $ 287.478 million 2018 (last level approved by the YUB) to $322.777 million applied for 2021 (a 12.3% increase). This is on top of the YEC increase in its rate base of 20.4% between 2013 and 2017 test years, which adds significantly to YEC's profit margin and must be paid for by ratepayers.

61. UCG submits the chart further demonstrates that this trend is continual since Yukon Energy took over the management of its own assets.

62.. UCG also submits that while YEC's capital expenditures have resulted in a forecast 12.3% increase to rate base, the number of firm customers and sales is expected to decrease.:

> "*Forecast firm Yukon Energy sales to non-industrial customers for the 2021 test year is 392.2 GW.h, a decline of 8.7 GW.h compared to 2020 forecast due almost entirely to reduced wholesales."*[17]

12Yukon Energy November 2020 Application p.
13Yukon Energy November 2020 Application Supporting Doucments, p.3.25
14Yukon Energy November 2020 Application Supporting Doucments, p.3.22
15Yukon Energy November 2020 Application Supporting Doucments, p.3.
16 UCG-YEC-1-30 Revised
17 YEC 2021 GRA, p. 2.1

UCG submits that Yukon's small ratepayer base cannot be continually held responsible for YEC's poor forecasting and project execution.

Capital Expenditures

63. The total cost of Yukon Energy expenditures on plant and equipment by the end of 2021 is forecast to be $61.767million. This does not include the costs of 31.154million for 2019 and $36.171million for 2020.

YUKON ENERGY CORPORATION Table 5.1
EXPENDITURES ON , PLANT AND EQUIPMENT - SUMMARY November 2020

	Actual 2018	Actual 2019	Forecast 2020	Forecast 2021
Work in Progress (WIP), Beginning of Year	4,759	4,491	8,088	10,796
Total Major Projects	15,230	23,563	29,290	56,266
Ongoing Capital				
Total Transmission	1,234	1,335	1,038	550
Total Distribution	1,245	1,399	774	625
Total Generation	1,040	1,737	1,205	1,110
Total General Plant & Equipment	1,734	1,740	2,066	2,045
Total Overhaul	0	145	198	760
Total RFSR	165	1,173	0	0
Total RFID	651	62	1,598	411
Subtotal Ongoing Capital	6,069	7,591	6,880	5,501
Total Expenditures	21,300	31,154	36,171	61,767, [18]

64. UCG submits that despite what Yukon Energy management portray, the ability of the small ratepayer base in the Yukon to pay for an unlimited capital budget is not endless.

UCG would ad that the YEC's capital spending habits on a multitude of projects is not sustainable from a ratepayer perspective.

Accordingly, UCG submits that the YEC must be directed to short-list its capital projects based on what ratepayers can afford rather than always applying to study and implement too many capital initiatives. This is why corporations are to conform to an integrated resource plan model process, for which the Yukon Energy has failed to follow (Please see UCG argument on this issue).

UCG submits that any company operating in a private, non-monopoly environment would never survive with the approach that YEC is taking on capital spending.

65. In its Order 2013-01 – Reasons for Decision, *the YUB directed YEC to provide business cases for all projects, including reliability projects, greater than $1 million. These business cases are to include alternatives to the recommended projects as well as the economic impact to ratepayers of the recommended projects.*[19]

UCG submits that YEC has fallen short of this direction with respect to capital expenditures that YEC has applied to place into rate base in this test year. UCG also notes that these rate base increases have been on-going in the 2019 and 2020 years, without scrutiny.

66. UCG submits that while YEC is entitled to rates sufficient to provide YEC with an opportunity to earn a reasonable rate of return upon the value of a property used, at the time it is being used, to render the service, YEC is not entitled to have included any property not used and useful for that purpose or any costs that YEC has not proven were incurred prudently.

57. UCG submits that the web defines prudent investment as the original proposed cost minus any

18 YEC 2021 GRA, Table 5.1, p. 5-31
19 Board Reasons for Decision, Order 2013-01

fraudulent, unwise, or extravagant outlays that should not be a burden on ratepayers. "Prudent" imports the requirement that the investment, in order to gain recognition in the rate base, must have been prudently incurred in the light of foresight rather than of hindsight.

68. UCG submits that the onus is on YEC to prove that its capital expenditures are prudent and not the job of intervenors to prove that they were not prudent.

69. A long-standing principle of regulatory law has been that an investment must be "used and useful" for the provision of public service before the public should be asked to bear its cost.

70. UCG also submits that YEC should not be able to arbitrarily add capital projects to rate base that have not been previously approved by the YUB; eg. for 2019 and 2020 years. UCG submits that the onus is on YEC to clearly explain and defend all of the capital expenditures that have been made on projects that have not been specifically approved by the YUB.

71. UCG submits that without adequate business plans reviewed under an Integrated Resource Plan Procedure, there is a great deal of uncertainty regarding how YEC establishes its capital expenditures plan which makes it difficult for the Board and intervenors to determine best practices that YEC should address.

72. And last but not least, on this issue, UCG submits that although the YEC has spent multi-millions on an asset management methodology and plan for managing critical hydro and transmission assets at YEC, they have failed miserably in this rate hearing in conforming to regulatory principles as in other Canadian jurisdictions; eg. concrete business plans and adequate resource plan reviews.

Capital Projects

73. With the escalation of expensive power plant work (both new as well as with inspection, review and upgrades/overhauls) as well as major transmission facility activity for this test year application, it is fundamental that a prudence review for each individual project is performed to determine if each was effectively studied, undertaken with a prudent business plan and built in an economic fashion.

74. Due to the fact that YEC fails to produce clear continuity schedules for each capital project from beginning to end makes this manoeuvre very problematic

- to track for accountability/duplication;
- to track cost overruns;
- to determine where contribution funds are specifically allocated;
- and how total costs compare to original estimates (with reasons).

It is not clear how YEC allocated these costs over the previous years and how it plans to allocate these costs in its forecast test year.

75. While Yukon Energy response to YUB-YEC-1-49 attempts to justify each project cost over $1 million, it fails to adequately present clear tracking of all costs for each project as is outlined by the UCG in #74 above..

76. For this, ratepayers has to rely on the independent external consultants from the Board, with power-sector and accounting experience, to diligently perform this task of providing an intense prudency test for each capital project from beginning to end, including YEC changing the names of particular projects and dividing others into several categories.

77. Major capital projects that are of particular concern to the UCG are:

- WH4 /Uprates/Overhaul;
- Aishihik Re-licensing (3Year and Long Term);
- the Enterprise Asset Management (EAM) system;
- Mayo/Keno Transmission Line;
- Diesel Replacement and Rentals;
- Southern Lakes Proposal; and
- DSM.

78 What is particularly disturbing for the above projects is that most of them have been on-going for many years, some through several prior GRAs. Some like WH4 have undergone many different phases of overhaul/uprates, making it almost impossible to track total costs for this asset to see if it has a cost/benefit to ratepayers; Aishihik re-licensing now broken into two separate entities is difficult to trace costs for duplication and excess spending; the Management Systems is broken into EMP, EAM AMF, PAMMS, ERP, Business Continuity Plan,etc making this a very expensive undertaking, impossible to track for costs and wastage; Mayo/Keno Transmission line is crossed with SKTL with various contributions that are not clearly identified; diesel replacement, diesel overhauls, and diesel rentals are impossible to audit and understand; Southern Lakes Enhancement has been renamed from Marsh Lake Proposal with all the combined costs not proven to be any longer economicin terms of LCOE and likely to be stranded; and DSM remaining very controversial.

79. For example, looking at MH4 Overhaul presents total costs included in rate base at the 2017/18 GRA as $4.291 million while actual spending was only $3.008 million, a difference of $1.283 million.[20] Where is the difference accounted for?

The 2017/18 Application of June 2017 proposes on page 5-15 and 16, the cost MH4 as $4.3 million with $0.78 million of this as a contingency. Board Appendix to Order 2018 -10 states at line 421: *"However, the Board notes that Hydro unit #4 overhaul, T&D-breaker replacements that must be updated for actuals and directs YEC to update its 2017 costs to reflect 2017 for these projects in its compliance filing to this decision."*

In the updated compliance filing, Yukon Energy in Appendix 1.1-3 Supporting Tables list an adjustment of only $0.45 million. UCG submits, this indicates that Yukon Energy continued with the claim for contingency costs without giving any explanation of actual work completed for this money. This has been added to rate base and must be taken out.

This is just one demonstration of how difficult it is to track Yukon Energy cost for projects. With this continued accounting, one has to go through their expenditure with a fine tooth comb line by line.

Now in this 2021 GRA, Yukon Energy is proposing another $1.531 for WH4 Uprate, with another variance of $0.146 million. [21] How are they accounting for this?

80. For example, looking at the Mayo/McQuesten Transmission Line and the McQuesten Sub-station there are several issues of concern to ratepayers, as although each of these projects had contributions made to help pay for their construction, there is still net $8.027 million requested to rate base.[22]

Yukon Energy has identified, for the MMTL, the contribution of the Federal Government in this Table, but make not mention of the $5.3 million contribution of the YG through the Yukon Development Corporation.[23]

UCG submits this YDC contribution amount should be taken off the rate base account.

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20 YUB-YEC-1-48 page 2

21 YUB-YEC-1-49 p. 7 of 7 breakdown of WH4 Uprate identifies cost in years from 2018 to 2021 of $1.385 with a variant of $0.146 million from the GRA Application. It is also important to note that $0.459 million of these costs are for 17 (17 continued) internal/consultant , project management and owners engineer. UCG submits that these internal costs should be part of Yukon Energy personnel regular work costs as owner/operator of YEC, as they have a highly paid administration and staff.

22 YEC Application, Table 5.2.1-2

23 Response from Video Conference on MMTL reply by email from Janet Patterson, April 07,2015

81. For the McQuesten Sub-station, Yukon Energy received $10.688 million contribution from VCG Group of the $12.83 million of construction, leaving $0.931 million net (for added facilities to enable future 138 KV service operation if required).[24]

UCG submits this net amount be left in a deferral account or WIP until the added facilities become used and useful and a prudency review is realized.

82. For example, looking at Aishihik Relicensing, the major concern is that these costs are for two licences for the same facility with overlapping time lines, i.e.Aishihik 25 Yr. Generating Station Water Use Licsense Renewal Project and Aishihk 3 Year License Renewal.

UCG submits that this overlap of the two renewal proposals result in far too much duplication for faactors like FN Compensation, Impact Assessment Studies, Project Management, etc.[25], which is misleading.

UCG submits that ratepayers must not pay for lack of foresight and management of timelines for this renewal which was known to be necessary for many years. The end result was the need for a short term fix, which was costly and now Yukon Energy wants ratepayers to pay.

Although Yukon Energy claim that throughout the process they regularly consulted with CAFN, the YEC rationalizes at response to YUB-YEC-1-90 page 9 footnote 2 *Due to delays in filing the YESAA Project Proposal to accommodate Yukon Government discussions with Champagne and Aishihik First Nations (CAFN), Yukon Energy had to address material risks that the regulatory review timelines could extend beyond 2019.*

This resulted in the need for a quick short term fix with the cost of $916,871 [26] (or is it $1,004,593 as represented in 2021 YEC GRA p.5-36 Continuity Schedule for deferred costs), as well as the continuing costs incurring for the long term license.

UCG sumbits that ratepayers must not pay for Yukon Government meddling into what appears to be YEC inability to adequately consult and negotiate with a meaningful stakeholder. These costs must be the responsibility of the YDC.

83. For example looking at the costs of the total Asset Management Program, Enterprise Asset Management(EAM), costs have now spiraled to nearly $5 Million, which YEC is now applying to recover in rate base charges to their ratepayers[27] . Evidence indicates that the Enterprise system had been on-going through 2012/13 and 2017/18 GRAs with the original forecasted cost of $3.236 million, of which actual cost was only $2.983 million.[28] All while the software and licensing cost of this program was only $0.578 million.[29] UCG submits there is insufficient evidence to prove many of the costs are prudent:

Some of these skeptical costs (i.e. vendor selection and project initiation $0.8 million, internal resources $0.462 million, change management $0.114 million and project management $0.340 million[30]. These are normal corporate costs that must not be allowed into the rate base.

Further evidence of indiscreet costs are identified in UCG-YEC-1-97 where YEC was asked to break down the costs of $0.533 million costs in 2019 This table identified costs for labor, travel expenses., material inventory, contractors, rental and AFUDC but offered no explanation of what

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24 UCG-YEC-1-39 a) and b)

25. YUB-YEC-1-59(a); YUB-YEC-1-90 p.2-; and UCG=YEC-1-44

26YUB-YEC-1-59(a) page 2

27 2021 YEC Application, page 5-30 lines 23/24;
In response to YUB-YEC-1-64, Yukon Energy states "the total cost to complete the project (EAM) currently estimate at $4.938 million to be fully implemented by 2021."
In response to UCG-YEC-1-97 (a-m), Yukon Energy lays out the cost of the *Enterprise Asset Management(EAM) as $0.350 million for 2017/18 and 2018/19 $0.809million, and then forecast $3.854 million for 2020 and $0.259 for 2021 for a grand total of 5.272 million.* In (l) and (m) of this same response Yukon Energy does not identify how they are accounting these costs (i.e. intangibles, deferral, WIP, Rate Base).

28 YUB-YEC-1-48 This is listed on line item Enterprise System 2012/13 GRA

29 UCG-YEC-1-97, p.5

30 YUB-YEC-1-64(c)

these costs were for. UCG submits that this lack of accountability must not be allowed into rate base.

Now we find the EAM Implementation has been added as a separate project from the Enterprise Asset Management System Purchase. Costs for the implementation are now at $4.636 not $4.93 as indicated in the last GRA[31]

To complicate this even more so, the YEC has added costs for an Asset Management Framework (AMS) and a Physical Asset Management Managed System (PAMMS), making this project costs impossible to track. [32] It appears as if the cost of these programs will escalate to $4.820 million by this test year.[33]

UCG submits that Yukon Energy has a highly paid management staff that are hired to "manage" not only the operations of the corporations, but also the management of it's assets. It is more than obvious that the costs that Yukon Energy outlined for this computerized program option, with the exception of the purchase of the software and licensing ($578,239) [34], is way out of hand and needs to be paid for by their share holder not their ratepayer.

84. During the same time frame Yukon Energy has introduced an Enterprise Resource Planning (ERP) system at a cost of $5.5 million [35], with an upgrade in 2021 forecast at $200,000 [36]; a Business Continuity Plan at $0.155 million [37], Information Systems at $3.5 million (UCG-1-) with new data circuits at $096M (UCG-1-)

YEC proclaims *"the ERP system refers to a type of software that organizations use to manage day-to-day business activities such as accounting, procurement, project management, maintenance management and supply chain operations."*[38]

Through this time Yukon Energy has increased, by many millions, for external management of projects, outside consultants for planning processes and regulatory procedures. At the same time in-house management costs for capital projects are most often charged to each project. UCG submits that Yukon Energy should be directed to make a choice of this very expensive Enterprise system or relying on their 'business as usual cost recovery listed above in this paragraph. Not both.

85. For example, looking at Costs for Diesel Replacement, Diesel Overhauls, Diesel Rental Sights and Diesel Rentals which are associated to a common portfolio.

Since the last GRA, Yukon Energy claims they have spent millions, i.e. $6,395,231 million [39] on diesel retirement replacement. Yet, in YUB-YEC-1-92 we find that YEC has only spent only $1,920,000 million of this on this project. This is just another prime example of Yukon Energy's accounting procedures which the UCG find troublesome.

UCG questions why studies (especially nearly $2 million worth) are needed to demonstrate diesel replacement and upgrades are necessary, i.e if the YEC is not short on diesel generation for N-1 then why are we renting diesels? These costs are onerous and should be removed from ratepayer responsibility

What ads salt to these wounds, is that UCG attempted to demonstrate at the 2012/13 GRA and the LNG Part 3 hearings, that all Yukon Energy's stock of diesels be reconditioned or in extreme cases be retired and replaced with a new ones as needed. The 2006 Resource Plan (RP) identified 16 operating diesel plants (5 in Whitehorse, 2 in Faro, 3 in Mayo and 6 in Dawson) with a total capacity of 30.31 MW. [40] This along with newly acquired LNG generators with 8.8 MW made up nearly double the 20MW greenfield thermal plan that YEC was selling. At the hearings the YEC used all kinds of

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31 Ibid
32 YUB-YEC-1-70 (a)
33 YEC Application p.5.1-4 #5
34 UCG-YEC-1-97 (f)
35
36 UCG-YEC-1-1
37 UCG-YEC-1- 89
38 UCG-1-100(a) Response
39 Yukon Energy Application, Table 5.6, p5
40 Yukon Energy 2006 20 Year Resource Plan,, 2.1 System Generation Data

excuses for not using the older gensets, but in reality wanted the cadillac, i.e all new generators at a new facility near the Takhini sub-station. At the LNG Phase 3 hearing, Mr. Morrison could not even explain how many hours the two Mirrlees had left on their life since they were last refurbished nor was a report ever commissioned to consolidate the internal decision to retire these assets.[41] Yet the 2006 RP identified three of the Mirlees were given life extensions in 2008 (cost $2.3 million), 2009 (cost $2.3 million) and 2010 ($1.8 million)

In this process, evidence shows that Yukon Energy has: Diesel plants in Whitehorse- 7 units in building (2 retired, one about to be-all three same design-Mirrelees units). They claim they lost vendor support for the Mirrelees. 4 units remaining, 4 reciprocating diesels. Most diesels are Catepillar across the system. Diesels are backup/peaking (100K until retirement)-they run very seldom. 5-year capital plan is starting to look at retiring one unit every five years. Major overhauls now cost $350K. Time between overhauls is base on use. Minto is controls for a plant that wasn't purchased and is being amortized. [42] If we did not purchase these gensets, then why is Yukon Energy placing them on amortization? This again gives us conflicting data that makes it impossible to digest.

Since this preferred greenfield plan was kiboshed by lack of public license and the YEC's own board of directors, Yukon Energy has spent $1.9 million on studying Diesel Retirement Replacement with a quarter of this spent on internal costs.[43] Yukon Energy spent another $1million on decommissioning the three Mirlees in the Whitehorse depot.[44] This was without properly demonstrating to their regulator or the public that these gensets were at the end of their life cycle."[45]

UCG submits these high-end costs, mostly for design, internal installation and project management, were unnecessary and should not be paid for by ratepayers.

86. N-1 Capacity Shortage Faro Thermal Rental Site Infrastructure

UCG is not against the concept of moving 5 of the rental diesel to Faro. We will leave the technical argument to Mr. Yee. UCG's concern is that this project had many unnecessary costs added to project. Costs described in YUB-YEC- 1-40 Table 6 in the amount of $2.446 million. Yukon Energy affirmed in another IR that *"Faro has established diesel infrastructure from the time of the Faro mine, and could accommodate cost effectively the required diesel rental units, i. e the Faro facility air emission permit allowed for added generation; transformation, control communication was available; and YEC owned land accommodated the infrastructure and rentals."*[46]

Many of the cost associated with the preparation of the Faro site for the rentals were thus internal (i.e. work that could be done by their own engineers for design, construction work that could be done by the many personnel, project management that could not have been too overwhelming for in-house.

Also in redirection by YEC counsel in regards to these costs, Mr. Landry when questioning Mr. Gazankas on the infrastructure requirements that were required for the diesel units asked:

Mr. Landry: *Based on your experience, sir, and given the time frame that you had to put something in place by the winter of 2021, how well did Yukon Energy fair in your experience?*

Mr. Gazankas:

Extremely—this is Mr. Gazankas—extremely well. (Goes on to qualify this premise) and ending in "that's quite remarkable <u>in my opinion.</u>"[47]

Although Mr. Rondeau interjected to this line of questioning, the Board Chairman without getting a legal opinion denied the claim. Mr. Landry knows full well that this line of questioning <u>leading</u> the witness panel is not appropriate. It is his job to deal with facts, not opinions. Of course panel

41 Yukon Energy LNG Phase 3 -41 WIP
42 YUB-YEC1-111 Attachment 1, p.1and 2
43 YUB-YEC-1-92 (b) p. 3
44 UCG-YEC-1-81
45 Ibid (f)
46 Response UCG-YEC-1-36
47 Transcript, Day 3, p. 445 and 446

members, who are employees of Yukon Energy, will praise the corporation.

Accordingly, UCG submits that line 10 to 25 on p. 445 and line 1 to 15 on p. 446 of the transcript be struck from the record.

87. Since the 2006 Resource Plan,YEC spent $4.83 million on what was then referred to as the Marsh Lake Storage project, which it requested be placed into rate base in the 2012/2013 GRA.[48]

Keeping these costs on-going into what is now considered as a new project by Yukon Energy with title Southern Lakes Storage, the costs have jumped to another $7.3 million for the 2017/18 GRA[49] and to $9.4 million by the end of this 2021 forecast, [50] to be held in Work in Progress (WIP).

Many of these costs are internal costs, some as frivolous as for travel, rentals, fuel and utilities and general (whatever that is?). This alone amounts to $2.052 million.[51]

UCG submits all internal costs for labour, management and all other incidentals must be disapproved and taken out of the WIP, .

To top this plan off, this is without any implementation, mediation/mitigation, which would add yet another estimated $7.2 million to the costs.[52]

If one includes the Marsh Lake plan costs to this the LCOE would be greater than cost of thermal generation, therefore rendered uneconomical. UCG submits this is the time to discuss the issue of how to pay for Stranded Assets or Assets not Used or Useful. Number 76 above is just one example going forward which will most likely be terminated without having the normal way of recovering the costs; i.e. not being used and useful in producing generation for revenues. YEC's 'this is the way it has always been done in the Yukon', will request it's standard way of placing all costs associated onto rate base.

Deferral Accounts vs. Rate Base Status

88. This has reared its head for other deferred study costs in the past and will have more going forward, if not remedied.

A few past examples were the proposed Atlin Lake Hydro Project (which came in at $2.23 million) and the Gladstone Hydro Diversion(which came it at $4.4 million).[53] Many other projects which were studied only and then never developed (i.e. result of feasibility studies from the plethora of ideas coming out of the Yukon Energy driven charette). [54]

The question is: Should these deferred costs be placed into rate base or should they be placed in separate deferral accounts?

From a ratepayer perspective it is much more logical to place these type of projects in deferral accounts at a set rate of payment, generally the going investment rate that a utility pays for its' borrowing. This is far less costly to the consumer than the going rate of return of the utility, which is charged, if placed into rate base. Plus the cost of borrowing this money (usually from the mother YDC) is also added on to this. .

Other jurisdictions use these these deferral accounts when a project is not 'used and useful.' **Normal regulatory principles do not allow items into rate base that are not used or useful, therefore the deferral account is used to remedy this regulatory hurdle**.

UCG submits that going forward, the Mt. Sunanik discovery costs is one such project which did not result in any concrete used and useful service.

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48 YEC 2002/13GRA , p.5.28

49 YEC 2021 GRA, page 5-35

50 Ibid, p.5.41

51 UCG-YEC-1-86

52 YUB-YEC-1-93

53 Sourced from YEC 2012/13 Application , p. 5-30 to 5-47

54 Ibid, Some examples of these study costs which were stranded are Waste to Energy/Biomass /Biogas($1.629 million), Geothermal($2.633 million), District Heating ($ 0.5 million) as well as the Charette costs and Demand Side Management).

89. For example, let us look at the costs for Demand Side Management. Disregarding YUB direction,[55] to get some type of authorization from the regulator for any DSM costs to the ratepayer, Yukon Energy pursues DSM to the tune of $1.737 million in the 2021 test year. [56]

It appears as if the cost of the pilot project initiated by Yukon Energy and YTG is included in this cost scenario, According to the reference from the news https://www.yukon-news/smart-grid-pilot-project3, the cost of this was to be $1.3 million with contributions covering all of these costs, i.e.. $650k from the Federal Government, $250k from the YTG, $300k from ATCO and $100k from YEC. Therefore, there are no rate base costs from this program. Now, the YEC appears to claim $0.437 million from this pilot to rate base, even though explanation is not to be found anywhere in the YEC application.

Other conflicting numbers are, however included. From UCG-YEC-1-46, YUB-YEC-1-59 it is increasingly difficult to determine exactly what costs YEC is applying to the Pilot and what costs they are applying to other DSM portfolio costs.

As stated above none of the costs from the Pilot should go into rate base and no costs from other DSM should be permitted into rate base, as well. The reasons for this claim is not only prior rulings from the Board, but YEC's response statement: *"YEC has not initiated the implementation of any complimentary DSM programs. Continued work on DSM programming, including potential complimentary programs will now be advanced given OIC 2021/16 directions.*[57]

As some of the costs are going forward from this OIC for the 2021 test year, these can be applied for in the next GRA as they have not been completed nor implemented.

Another discussion that needs to take place is for Yukon Energy and ATCO to demonstrate clearly that any and all DSM programs are at the very least rate neutral through rigorous RIM testing. Also, both companies must demonstrate how they handle the perverse economics of DSM, i.e. the utilities spending money on DSM to make less money if the diesel savings are less than the DSM project costs, by specifically showing how each company tracks and measures the actual impact of DSM initiatives on actual sales.

Accordingly, UCG submits that **no** DSM costs be allowed to the rate base in this 2021 test year.

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Onerous Costs for Owner, i.e. Internal Labour, Management of Projects and Other Internal Costs

90. Yukon Energy being short on clarifying the costs for the above described subject matter has become another issue of contention to the UCG. This has become apparent in how they continually add unnecessary costs to most of their projects, i.e. project management, owner's cost, internal labour, and owner's engineer and other internal costs, like travel, fuel etc. [58]

91. In these 8 tables alone presented in YUB-YEC-1-49, there are far too many questionable costs, which have never been fully explained, added to the necessary machinery, construction and even commissioning costs, e.,g,;

- Table 1 Engineering and Construction Management $473.9k, Owners Cost $265.2k, spare parts $347.5k (for a new engine);
- Table 2 Internal Labour $288.9k (staff are already paid wages), Other internal costs $18.2k;
- Table 3 Construction Support $923.7k;

55 YUB Order 2019-

56 UCG-YEC-1-47 YEC responds for (b) and (c) As quoted in the pereamble, the DSM net addition to rate base (after contributions) is $1.737 million.

57 UCG-YEC-1-46 (d)

58 YUB-YEC 1-49 and 1-50

- Table 4 Civil work $800k (what is this exactly?);
- Table 5 Owner's Engineer $299.2k (engineer already paid a generous wage), YEC Internal $54.2k;
- Table 6 N-1 Capacity Shortage Faro Thermal Rental Site Infrastructure: All these costs are questionable since..... Internal Costs $417.7, Project Management $171.7;
- Table 7 Mayo/McQuesten Transmission Line Project Management $1.058million,Internal Cost $$500k
  Satcom Project Management and Owner' Engineer $1.351 million, Internal Costs $605k, FN Benefits (how can FN be considered as beneficiaries of technical infrastructure within the corporation?)
- Engineering, Project Management and Internal Costs $237k

Without adequate information and evidence, UCG submits these costs must be considered imprudent and thus taken off these Project WIP or Rate Base in the compliance filing.

UCG further submits, there is a strong appearance of "duplication of costs"; i.e YEC personnel are already paid very well[59] and managment and Professional Pay Grades are more than ample. [60] UCG submits this must not be condoned to continue.

92. What is particularly disturbing is that in August of 2020, Yukon Energy hired in a new position of Project Manager. The question begs, Why would management costs be charged to any particular project, when a highly paid administrator is already in that position on a yearly wage?

Administration Labour Costs

93. UCG submits that charging for ratepayers work employees are already paid to do, in their union contract or administrators charging for project management or other internal costs, are a duplication of such costs.

94. In UCG-YEC-1-29 Yukon Energy states: (a) *"Administration labour costs means the cost of YEC employees to perform work categorized as Administration."* A breakdown of Administration labour costs forecast for 2021 is provided in the table below:

($M)	
Engineering Services $	1.008
Board of Directors	0 .083
President's Office	0 .899
Corporate Communications	0 .125
Corporate Services	0 .193
Customer Billing	0 .318
Environment	0 .202
Finance & Regulatory Affairs	1 .267
Health & Safety	0 .317
Human Resources	0 .304
Information Technology	0 .662
Materials Management	0.264
Procurement	0 .583
Planning	0 .473

59 UCG-YEC-1-26 Payscale for union workers $ per hour to $ per hour

60 UCG-YEC-1-26 REVISED,p.7 Management and Professional pay grades from $68, 161 per year to $301,551 per year.

Total $ 6.699 [61]

95. Accordingly, UCG request the Board make a determination on how such costs should be handled by Yukon Energy. UCG submits these costs should be taken out of the revenue requirement for the 2021 test year in the compliance filing.

Resource Planning Costs

96. UCG submits the internal planning costs of $0.473 million 95. (a) above as well as those represented in (b) below:

b) "In 2020, the Resource Planning department spent $90,000 on outside consultants (Sussex Group) [62]
should be denied to YUkon Energy and taken off revenue requirement of this test year.

97. The major reason for this request from the UCG is that: YUB Directive #62(paragraph 490) Resource PLan Update states: "*However, the Board s of the view that it is not prudent for YEC to continue with these significant expenses to update the resource plan every five years. Accordingly, the Board directs YEC to seek approval prior to any future updates of its resource plan. Any such application must be accompanied by a detailed proposal for both costs and scope of work, including a description of work to be carried out internally and by consultants. YEC must also include an explanation of why any work to be done by consultants cannot be carried out by internal staff."* [63]

98. UCG submits that it is unclear if these above costs are part of the $0,335million Resource Planning Costs in Table 3.9: Administration ($000) [64]

	2018 Approved	Actual 2018	A ctual2019	Forecast2020	Existing2021	Proposed2021
Resource Planning	48	48	29	174	84	84

99. UCG submits that if the above Resource Plan costs in #118 are separate from the costs in #116 above, then these costs should be denied and not allowed in the revenue requirement for the 2021 test year, for the same reason as presented in #117 above.

100. UCG also submits that in redirection Yukon Energy's lawyer inappropriately lead the questioning of a panel witness:

Mr. Landry:

In your view, madam (Ms. Mioljevic, Vice president in charge of Planning for Resource Dlopment), the amount of work that was put in, was it appropriate? [65]

UCG interjected on this line of questioning, but was dismissed by board chairman without first consulting with his legal advisor for an interpretation. Asking a member of his panel to justify whether costs of a resource plan was appropriate is not asking for factual information, but an opinion.

Accordingly, UCG requests that line 4 to line 15 p. 460 be struck from the record.

61 YEC response to UCG-YEC-1-29 (a)
62 Ibid (b)
63 YUB Decison 2019- Reasons for Dicision
64 YEC 2021 GRA p.3-17
65 Transcript, Day 3 p. 460

Integrated Resource Planning

101. UCG submits that sound resource planning builds credibility and trust for a utility, but only if it follows appropriate code of conduct and does not cost millions hiring a sole-sourced outside firm to do the planning.

102. It is particularly disturbing to UCG that Yukon Energy does not follow normal utility protocol or "principles in other Canadian jurisdictions", where the utility produces an integrated resource planning process before bringing the projects to capital outlay, This is to allow the regulator and other parties the opportunity to review all major investment proposals with alternatives, looking at costs, consistency with planning goals and other local factors to be considered.

103. This has become even more substantive with the inclusion of significant environmental costs, climate change and carbon reduction costs, and much more First Nations stakeholder engagement and compensation.

104. By producing an Integrated Resource Planning Process beforehand, the regulator can review the plan, recommend modifications if they deem necessary, and report the compliance document as a guidance for future utility investment and operation decisions.

105. UCG submits that yet another reason for sound resource planning protocol, rears its head in in Yukon Energy response to YUB-YEC-1-15 (a): *YEC reviews the loss of load expectation (LOLE) and emergency N-1 standards (N-1), at the time it undertakes development of each Yukon Energy resource plan(based on past practices, and as recommended by the YUB in its January 2007 report on the 2006 Resource Plan, this is undertaken approximately every five years).*

This was the last time a YEC Resource Plan was brought before the Board for recommendations, outside of a rate hearing. UCG submits it is almost impossible to properly review a Resource Plan and an N-1 practice when there are so many issues in the rate application.

106. UCG notes that the 2016 Resource Plan was introduced for regulatory review during the 2017/18 GRA and the 10 Year Updated Resource Plan is introduced in this particular 2021 GRA proceeding.

107. UCG also submits that we agree with CoW consultant evidence where Mr. Bell indicates: *"YEC has not provided adequate evidence that rental is the most cost-effective option to provide safe and reliable service over the life of the assets. It has relied on superficial and possibly dated evidence. I am recommending that the YUB not include the rental costs in rates, as YEC has not provided adequate evidence that it has selected the least cost alternative."*[66] (Please see UCG argument #71 Diesel Replacement, Diesel Overhauls, Diesel Rental Sights and Diesel Rentals which are associated to a common portfolio).

A prior Resource Plan update review with an adequate time frame to discuss and debate this issue, as well as the many other issues arising from plans of the YEC, would have alleviated this dilemma and allowed the Board to convene and concentrate on this rate case review only.

Public License

108. During the last oral hearing, YEC testified that while the use of generally accepted, normal regulatory principles in Canada is enshrined in the OIC that governs how they do business, public interest is not part of that mandate.

66Evidence of the City of Whitehorse Page 8

109. UCG disagrees with YEC's position regarding the influence that public must have on its operations and the regulation of its operations.

110. The Yukon Utilities Board was created by an act of the Yukon legislature and therefore it follows that in determining a balance between the cost to ratepayers with the profits of the utility, the YUB must consider the interests of the Yukon citizens. Public interest and public convenience are referenced several times within the *Public Utilities Act* which governs the YUB and, in turn, YEC.

111. UCG submits that it would not be logical that YEC would not weigh the various benefits of a proposal against the various disadvantages and come to a conclusion as to whether there is an overall benefit or detriment to the public. To believe that the public interest is not an intrinsic component of its mandate is a disturbing revelation on YEC's part.

112. UCG submits it is precisely for these reasons why the UCG preference for evolving our regulatory framework from the current business model for utilities based on cost-of-service regulation, which was built for a time when safe and reliable power were the principle public interest; to a new stategy called performance base regulation (PBR) which most often better aligns utility performance with the public interest. In this new world of green energy, decarbonization as well as more involement and investment by First Nations, PBR can support new business models by typing utility profits to achieving desired outcomes like reducing greenhouse gas emissions or making investments in decarbonization.

Industrial/Mining Ratepayer Group

113. UCG submits there is insufficient evidence provided by Yukon Energy to demonstrate that the mines are paying enough to cover the full costs for providing services..

114. Mine loads are dedicated to increase from approximately 32,193 MWh from the 2017/18 Compliance to 102,904 MWh for this forecast test year. [67] The forecast total energy sales forecast for 2021 is 495,451 MWh.[68] The mine load is thus approximately 20.1% of the total load forecast sales. On the other hand, revenue from the mines is forecast for $11.535 in the test year 2021, while total revenues from all sales of power is forecast for $74.767 million.[69] Therefore, the mine revenues make up only 15.4% of the total forecast sales of power. This alone does not support Yukon Energy's position that the mines are paying their fair share.

115, From UCG-1-19, Yukon Energy states that "the average annual increase generation for firm load is 8.6% and from UCG 1-9 (c) YEC responds the wholesale load forecast is forecast 3.39%." This provides further evidence that the mines are driving the need for more thermal generation in the 2021 test year, including operating reserve and peak shifting, as well as the requirement of rental generators.

116. There has not been a cost-of-service study process since 2010, yet the YEC continues to use this old study (even though this was never sanctioned by the YUB) as their justification that the OIC is being complied to.

117. At the same time, the YG continues to provide edicts to maintain the status quo for the mining industry.

67Yukon Energy November 2020 Application, Schedule 9 Summary of Customers, Energy Sales and Revenues
68 Ibid
69 Ibid

118. YEC fails to track and produce the evidence of how much LNG and diesel the mines are actually responsible for.[70]

119. YEC, in their limited scope application on the Transmission Facilities Fixed Cost, [71] (which impact the revenue requirement for this test case and onward) complicates this matter even more so, as there is no updated empirical information to determine if the fixed cost recovers an appropriate amount to recover the mines cost of service for transmission.

120. The old 85% of costs of service for transmission was designated to the mines in the now much outdated model from the days of Faro, where this per centage of power was determined to be fair amount for the main transmission WAF line. Today, for the MMTL facilities, Mcquesten sub station and SCC/Statcom, the two mines Alexco and Victoria Gold utilize a much greater per centage of the transmission energy, Yukon Energy refuses to give the amount of energy used by non-industrials on the line from Mayo town to Keno (Mayo town not included), but any one in the know realizes that the mines use considerably more than 85% of this particular transmission grid load. YEC's Stewart-Keno City Transmission Project YESAA Project Proposal Chapter 6, Page 6-3 Footnote 1 noted that there are approximately 23 non-industrial customers currently connected to the line between Mayo and Keno City (L250).

121. YEC continues to claim they do not know how much energy i.e.kWhr. these not-industrial customers use.[72]

122. The YEC has also not taken into consideration in their contracted Transmission Facilities Cost that these two mines are short term (and one of them, Alexco, has proven to be on and off at their whim). The transmission costs for or the MMTL facilities, McQuesten sub station and SCC/Statcom are scheduled to be on the rate base books for many years (50 to 65 years) and other ratepayers will continue to pay this long after these two mines have left.

123. At the same time, the YEC claims that the mines are not driving rate increases, but provide insufficient evidence for this, as well. YEC states that: "Energy & Peak Load Changes (is responsible for 8.4% of revenue shortfall)" and that "Dependable capacity requirements caused by peak load growth for non-industrial sales drives diesel rental costs that account for $3.8 million (34.9%) of the 2021 GRA revenue shortfall. Higher overall loads provide increased revenues at existing rates ($14.4 million) that reduce the 2021 revenue shortfall by $2.9 million after considering load-related cost impacts of $10.8 million for increased long-term average thermal generation fuel cost requirements at 2018 GRA fuel prices (to address added energy generation) and $0.7 million for increased Mayo B Promissory Note interest due to higher loads." [73]

124. UCG submits this indicates that the increased long-term average thermal generation fuel cost requirments include the mining load.

Low Water Reserve Fund Operations

125. Pursuant to Board Order 2019-08 ***"****An annual report is required to be filed with the Board detailing additions and deletions to the Fund and a forecast of water conditions for the next year. The annual report to the Board is also to include a proposed rate rider to refund/collect any amount that*

70 Transcrtipt, Day 2, p.
71 Since drafting of the 2021 GRA, the Transmission Facilities Development Operation Date has been delayed to March 2021. YEC therefore now expects to file the amended Transmission Facilities Fixed Cost 71 71 71cont'd application in March 2021, requesting an interim Fixed Charge adjustment effective May 1, 2021.
72 Transcript Day 2,
73 Yukon Energy 2021 GRApplication

exceeds the approved cap. The Board will direct YEC on the additions and deletions to the Fund, and on any proposed rate rider. Quarterly reports regarding the LWRF calculations and LWRF balance updates will be provided to the Board based on interim determinations prior to a fiscal year end. The quarterly LWRF calculations will be based on forecast loads for the year at the time of calculation as the LWRF table calculates the expected diesel amount based on annual load, not quarterly.
Any interim determinations prior to a fiscal year end will only be placeholders; only the year end determinations will in fact have ongoing relevance for accounting and rate riders."

126. UCG notes that Yukon Energy was negligent on complying to this direction from the Board. The Board and interested parties has only recently been updated with LWRF continuity schedules for 2019 on.

127. Although the OIC speaks about a particular filing date to be under this directive, this must not alter following Board Orders prior to the edict from the YG.

128. UCG submits that the 2019 LWRF year is what is inappropriate for the YEC to make its claim that it filed after the cut off date. This filing was not served to the Board until April of this year and inappropriately uses the OIC direction.

129. UCG submits the YEC used all sorts of excuses for not filing the 2019 LWRF report at the end of the year,[74] as it was directed to do by the Board.

> Q. Mr. Rondeau: Okay. It speaks about the low water reserve fund and the OIC. *Can you tell me exactly why Yukon Energy did not file the term sheet for 2019 at the end of the year as it was ordered to do by the Board?*
> A. MR. MOLLARD: *Yeah, Mr. Chair, there was -- so, yes, I acknowledge that order. I think it's important to recognize what was going on at that time. We were dealing with, at the end of 2019, the fallout from the extensive -- the last proceeding that we went through had gone on for about 18 months. So we didn't -- we weren't in a position to update the report at that time. We then very quickly went into a pandemic in the first quarter of that year. So, again, we were somewhat distracted by that. We subsequently were able to get this -- and then after that, we were immediately into an application preparation process, which resulted in this proceeding. So, really, we were doing other things at the time and so we were delayed from preparing that report. We got it on the record in April of this year, which was our earliest opportunity.*

UCG submits that none of these reasons were adequate to qualify the YEC for late filing of this report. It was a simple computer operation for an appropriate term sheet analysis (like the report for 2018, which was also never approved by the Board) and then ad a continuity schedule linking the past three years. It took the YEC only a few days to get this to UCG in an undertaking.

130. UCG submits evidence shows that by determining the LWRF for 2019, using the OIC as reference, the ratepayer will have to pay an extra $0.715 million [75] sometime in the future.

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74 Transcripts day 2, p.

75 YEC Undertaking #11

• Table 1A for 2019 uses LWRF calculations approach as per 2019-08 directives that only includes forecast loads for LWRF determinations (incremental thermal

131. Accordingly, UCG submits that this $0.715 million be deducted from the LWRF record.

132. UCG submits that the YEC is again playing games with the LWRF and is just now asking for the Board to review these term sheets all the way back from 2018 and approve them. It is for this reason that UCG does not have trust in the way in which the YEC administers the interests of ratepayers.

Risk Premium for Rate of Return

133. YEC is continually shifting more of the risk of its operations to the ratepayer.

134, UCG submits that YEC forecasting methods gives Yukon Energy all the advantage of having all the asymmetrical information and input into their model, without any consultation with ATCO or ratepayers. It therefore gives the YEC a risk advantage over the ratepayer in determining diesel and LNG forecast amounts and costs. They YEC also has the LWRF and Rider F to play with, also lowering their risk to the detriment of its ratepayers,

YEC openly acknowledges that there is a significant uncertainty created by changing plans of industrial customers, which leads to the conclusion that YEC continues to make the same error of continually applying the sales growth (reduction) rates experienced over the previous time periods rather than utiliize the weather-normalized use per customer forecast for this 2021 test year, i.e. receiving higher sales/revenues than forecast.

UCG submits this forecasting of industrial sales shifts the risk profile to firm ratepayers.

135. UCG submits that the biggest risk to Yukon Energy as was evidenced in 2019 and 2020 years is YEC's inability to make management decisions to take control of their expenses. "Business as Usual" is not a good business model for the ratepayer.

First Nation Compensation and Mitigation

136. UCG first wants to make it clear the we do not have a problem with First Nations receiving their fair share of any energy project taking place in their traditional Territory. What we are concerned with is that the YEC be very open and transparent in what these costs are for and how they will be accounted.

137. UCG submits that what transpired in the Mayo B construction did not follow this principle as the contractor hired to build the Mayo project was at the same time hired by the YEC to build a store in Mayo for the NNDDC, which is the development arm of Nacho Nyak Dun. This did not demonstrate a clear cost of compensation or fair share to the FN in that territory nor how this was handled in the accounting and placing into the rate base costs to ratepayers.

138. Accordingly, UCG requests the Board give concise direction to the YEC that clear and transparent accounting of all FN compensation and mitigation costs for any project be adhered to, including a FN becoming partners with YEC or buying shares in a project

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generation charge to LWRF of $5.530 million); and
• Table 2A for 2019 uses LWRF calculations as per OIC 2021-16 approach as filed by YEC that includes actual loads for LWRF determinations (incremental thermal generation charge to LWRF of $6.268 million). [This table is the same as Table (2.1-2 filed with the Board on April 8, 2021 (Exhibit B-11).]

Secondary Sales

139. Although UCG understands there will be no secondary sales going forward for this test year, we have two important concerns to relay to the Board on this ratepayer group.

140. First while all other ratepayers has endured continuous increases in rates through various rate155 riders for over the past 10 years, Secondary customers have not received the same type of increases. UCG submits it is far past the time that these customers pay their fair share of the revenue requirement. Accordingly we ask the Board to set a new rate for these customers in this rate hearing.

141. Second, Yukon Energy will very likely have a surplus hydro supply late next spring and summer. So, they will have excess energy to sell to secondary customers. UCG submits that the Board order all secondary income be placed in a separate savings account for the benefit of ratepayers going forward.

Independent Power Production (IPP)

142. • **Studies undertaken for potential renewable generation options**: Rate base additions of $1.267 million for the following projects:
- IPP Standing Offer Program Implementation ($0.232 million in 2020 for expenditures in 2018 and 2019);
- Mt Sumanik Wind Feasibility Study ($0.776 million for expenditures from before 2018 until 2020); and
- WH2 Uprate Engineering ($0.259 million in 2021 for expenditures from 2018 to 2020). [76]

143. Although, the cost of studies and implementation of the IPP policy is not a main ticket item, UCG submits it is the principle of placing these costs on the ratepayer.

144. UCG submits that since this was a YG plan, then it follows that the implementation was also under their direction, with such cost being paid for by YG or its shareholder YDC.

145. UCG submits the other alternative is to have the IPP holders pay these costs as they will be the ones receiving the future benefits of this program. The same principle should hold going forward with the costs for any contracts or sales agreements with IPPs should be payed by the IPP or the YG is they so wish to support such programs.

Reliability Performance and Line Losses

146. UCG requests the Board scrutinize the reliability of the YIS since the last 2017-18 GRA and determine if the SAIDI and SAIFI are improving.

147. As questioned by UCG in the cross examination inquiring why YEC has spent multi-millions of dollars in the last several years on upgrading transmission and distribution lines, supposedly giving more voltage benefits, why has this not resulted in increased efficiencies in lowering LL? Since YEC has also spent multi-millions on new and updated substations and transformers, etc., why has this not resulted in lower LL? It appears as if a lot of spending is for not.

76 YEC GRA, Appendix 5.4, p. 5.4-1

Rate Impacts / Affordability / Mitigation

148. In this application, YEC goes out of its way to proclaim that there will be no/little bill increases/changes as the result of this application.

149. The YEC's Proposed Approach for 2021 GRA

Yukon Energy has adopted an approach for the 2021 GRA to address its serious revenue shortfall without leading to a material change in bills for Yukon ratepayers. The key to this approach is a one year GRA with rate increases timed to coincide with the reduction or expiration of rate riders scheduled in 2021. An interim rate increase was sought and approved concurrent with expected reduction of Rider F on July 1, 2021; and to address delays in the process, YEC is filing for an additional interim rate increase effective December 1, 2021 to ensure no material impact on customer bills when the 2017/18 GRA Rider comes off on that same date. With implementation of this rate strategy the change to customer bills from November 2020 due to the 2021 GRA is expected to be small, i.e., less than 1%. [77]

150. When asked about the expiration and going onward on one of the riders, Rider F, YEC panel became very defensive in their response:

Q. Mr. Rondeau:

Regardless, if these costs change, either up or down, in early 2022, will YEC --will Yukon Energy not restart Rider F when the thresholds are met?

A. Mr Mollard:

Mr. Chair, absolutely. The OIC 9590 is very clear that we have the authority to charge for the market price of fuel through Rider F by law. So, yes, if required, based on the increasing market price, yes, we would reinstitute Rider F.

Q. Mr. Rondeau

Do you have or can you get us the thresholds for collecting and returning money to ratepayers? Can you get us these thresholds of Rider F?

A. Mr. Mollard:

Threshold is plus/minus $200,000.

Q. Mr Rondeau

Plus /minus 200,000? Okay. Thank you. Now, with the idea that the costs of diesel and LNG spiral in 2022, will not your conceived plan of little or no increase quickly vanish?

A. Mr. Mollard:

Our rate strategy did not address 2022. We did our rate strategy assuming that this rate application was done in 2021, so the rate strategy would still hold. As of December 2021, there would be a less than 1 percent increase on a residential

77 Yukon Energy Opening Statement, p.2

consumer's bill consuming 1,000 kilowatt hours. [78]

151. UCG submits the question was not answered, but is obvious; i.e. YEC's affordability approach will soon disappear in the new year. UCG submits that this attitude taken by Yukon Energy is a shameful example of how our publicly-owned utility continually tries to make itself look good with half-truths and misdirection.

152. YEC congratulates itself for its effort to continue development of Yukon's capability to meet ongoing growth with what it considers to be “affordable” electricity and that the Yukon continues to offer the lowest electricity rates in Northern Canada, even though sources of generation and political environments are different in these other jurisdictions. When comparing Yukon Energy rates with other jurisdictions that have most power produced from hydro generation, then YEC's affordabile rates dissipate in comparison.

153. UCG also notes the Yukon Energy (the Yukon) has many heritage assets that have been paid off for may years by firm Yukon customers. Now new mining companies can take advantage of these assets that they have payed nothing in the past, because of YG and YEC mining operatives.

154. UCG submits that YEC and the Yukon government continue to wrongly assume that the costs being thrust upon Yukon ratepayers through electricity bills are anywhere near affordable. With all the riders added, UCG submits many low and set income earners have struggles paying to keep the lights and heat on or being able to purchase healthy foods or necessary medication.

155. I will note that our family bills were around $100 mnth. for approximately 1000kWhr. (YEC's average) just a few years ago when all the kids were home. Today, they are still around $100 only for 500kWhr. for two retired seniors.

156. UCG submits the history of our organization has been to continually request some type of low/set income subsidy/mitigation outside of the universal rate relief offered, but have given up on pushing the same mountain. UCG notes the City also questions this policy direction, but the YEC simply states they do not have the required data to initiate such a program,[79] As well as during cross by the CoW. [80]

As the YEC does not work well with ATCO, this issue goes round and round with no progress,

Perhaps this Board would like to wade in on this important issue?

78 Transcript, Day 1. p. 157-158
79 CW-YEC-2-9
80 Transcript, Day 1, p.