IN THE MATTER OF
YUKON ENERGY
INTERIM RATES
APPLICATION BEFORE
THE
YUKON UTILITIES BOARD

APPLICATION BY YUKON UTILITIES CONSUMERS' GROUP (UCG) FOR REVIEW AND VARIANCE OF BOARD ORDER 2025-12

Roger L. Rondeau,
Representative for UCG

I. INTRODUCTION

In Appendix A to Order 2025-12 (Appendix A:Reason for Decision) regarding Yukon Energy Corporation's ("Yukon Energy" or "YEC") 2025-27 General Rate Application on interim rates, the Yukon Utilities Board ("Board" or "YUB") made the following decisions:

1. Based on its assessment, the Board finds that the interim rate request by YEC in the current instance is consistent with the Board determination contained in Appendix A to Board Order 2021-08. Further the Board considers that the July 1,2025 interim rate increase covers about two-thirds of the 2025 revenue shortfall *(forecast by the YEC—added comment),* and that the January 1, 2026 rate increase covers about 85 per cent of the 2026 revenue shortfall *(also forecast by the YEC—added comment)*
2. The Board is of the view that while the UCG disagreed with the timing of the application, it did not provide any specific submissions on the amount or timing YEC's proposed rate interim rate increases.
3. Accordingly, the Board approves the submissions by YEC and approves YEC's request.

UCG submits that the Board committed errors in fact or law or in jurisdiction when making these rulings, and that the process followed by the Board in making these rulings was neither reasonable nor fair to the ratepayers by allowing a 20% increase to bills within six months.

Accordingly, pursuant to section 62 of the *Public Utilities Act*, RSY 2002, c. 186 ("Act" or "PUA"), UCG is applying to review and vary the above noted interim rate ruling.

II. THE REVIEW AND VARIANCE PROCESS

Section 62 of the Act gives the Board the unfettered discretion to review, change or cancel any decision or order made by it.

Without limiting the Board's discretion under section 62 of the Act, the Board's *Rules of Practice* provide further that the Board may consider reviewing and varying a Board Order on grounds of an error in fact or law or in jurisdiction, or "such other grounds as the Board may determine require a review". The review and variance procedure thus gives the Board the ability to correct any errors or oversights in its Orders, including factual, legal, and jurisdictional errors. It also gives the Board the ability to receive and consider additional evidence or submissions to remedy any unfairness in its initial hearing process.

The Board uses a "two-phase system" for review and variance applications. The first phase is an "initial screening phase" where the application must establish a *prima facie* case sufficient to warrant full consideration by the Board. The Board will assess an application having regard to some or all the following:

1. Should there be a review by the Board?
2. If there is to be a review, should the Board hear new evidence and should the parties be given the opportunity to present evidence?
3. If there is to be a review, should it focus on the items from the application for review, a subset of those items, or additional items?

The applicant must show that the claim of error is substantiated on a *prima facie* basis, and that the error has significant material implications. If there is a second phase, in the case of an alleged error, to advance to the second phase of the process, the then the Board will hear full arguments on the merits of the application.[1]

UCG submits that there is a *prima facie* case for the interim increases of July 1st, 2025 and the January 1st., 2025 to be reviewed by the Board based on errors in fact, law, or jurisdiction, and based on procedural unfairness and that these errors have significant material implications.

[1] *Yukon Utilities Board Rules of Practice*, s. 31(1)(a), (b) and (f) [*Board Rules*].

III. GROUNDS FOR REVIEW AND VARIANCE APPLICATION Board Ruling Regarding Yukon Energy Interim Rate Application as filed.

Summary Grounds for Review and Variance

A review by the Board ruling regarding the YEC 2025 Interim Rate application is warranted on the following grounds:

1. **Error in law and in jurisdiction** – The ruling does not comply with the direction in section 3 of OIC 1995/090 *"Except to the extent otherwise stated by this Directive or Act, the Board must review and approve rates in accordance with principles established in Canada for utilities, including those principles established by regulatory authorities of the Government of Canada or of a province regulating hydro and non-hydro electric utility.*"
2. The Renewed Regulatory Framework contained in the Handbook on Utility Rate Regulation of the Ontario Energy Board states that: "Customer engagement is now explicit and important component of the regulatory framework. Utilities are expected to reflect those interests and preference in their business plans. Utilities are expected to demonstrate value for money by delivering genuine benefits to customers and by providing services in a manner which is responsive to customer preferences." [2]
3. **Error in fact** – This ruling does not consider the legislative mandate and test for placing the onus on Yukon Energy to demonstrate that its interim rate (or payment amount) objectives are balanced to protect consumers, while setting demanding but fair performance expectations. The key test is whether these rates or payments are "just and reasonable."
4. This oversight lies in the apparent disconnect between the magnitude of the proposed interim rate increases and the lack of sufficient engagement with the customer base. Regulatory frameworks consistently emphasize the necessity of integrating customer preferences into utility rate applications, yet Yukon Energy Corporation has not adequately demonstrated how these preferences have been considered or addressed. This omission undermines the validity of the interim rate increases and highlights the critical need for enhanced scrutiny and accountability in the regulatory process before introducing increased rates.
5. **Materiality-** The ruling establishes two interim rate increases within six months, resulting in a 10% increase in consumer bills from July 1st, 2025, followed by another 10% increase on January 1st, 2026. From a customer perspective, this 20% increase over six months is neither just nor reasonable, particularly as the YEC has not yet demonstrated any prudency tests for these results.

6. This Board's ruling lacks a thorough examination of the broader consumer implications and the adequacy of Yukon Energy Corporation's justifications for the broader proposed rate increases.

---

[2] *Ontario Energy Board Handbook to Utility Rate Applications, October 13, 2016, p.2*

IV. Grounds for Review

1. The Board's decision highlights a failure to address the broader implications of such significant interim rate increases on consumers within the regulatory framework. It is critical to consider whether Yukon Energy Corporation (YEC) has adequately justified these actions as being in alignment with its obligations to engage with customers and ensure that its proposals reflect their interests and preferences. Furthermore, YEC has not yet substantiated its' claims of prudency (through a General Rates Application process) or demonstrated how the proposed increases align with their stated objectives of maintaining a balance between consumer protection and operational and managerial expectations.
2. This lack of comprehensive engagement with their customer base fails the test in their legislative mandate to justify the magnitude and timing of these rate increases. This underscores the need for a more thorough review. The increase of over 20% (accumulative) during such a short period also raises questions about the long-term financial strategies of YEC and the implications for ratepayers, particularly given the absence of a transparent and explicit customer benefit analysis.
3. In this context, UCG's concerns about the repetitive reliance on interim rate applications by YEC and the precedent set by the Board in approving such measures time and again are particularly pressing. The Board fails in this decision to make any directions to fix these practices. These practices not only erode stakeholder confidence but also diverge from regulatory principles that prioritize fairness, prudency, and accountability.
4. This situation necessitates a reassessment of how the Board evaluates interim rate applications to ensure adherence to the principles of fairness, transparency, and consumer engagement. It is imperative for regulatory bodies to prioritize a balance that safeguards both the operational requirements of utilities and the financial well-being of consumers. The current trajectory of rate increases emphasizes the urgency for a structured and evidence-based review process.

Relief Requested

For the reasons given above, UCG requests that the Board vary Board Order 2025-12 to mitigate customer/ratepayer impacts in such a short term:

The Order vary the interim rates:

1. Leaving the July 1st., 2025 increase of 19.66 percentage points for retail firm rates (from 55.4% to 73.29%) and industrial firm rates (from 69.4 to 89.3%), as this is already in process of bill change. With this increase, the YEC will give adequate reference on the new bills to all their customers to properly inform them of the reasoning.

2. The second portion of the Order for interim date change be delayed and rescheduled until July 1st., 2026 with the same interim rate change as in the order for Jan.1, 2026. This gives a year to initiate a rate increase and allows the YEC to inform their ratepayers as it should be. This gives ratepayers the time to adjust and prepare their budgets in a reasonable time sequence.

3.The timing for true up and final rate changes for 2027 can be debated during the GRA process.

4. The Board give directions to both Utilities on adequate customer consultations as well as their repetitive reliance on interim rates.