

YUKON UTILITIES CONSUMERS' GROUP (UCG)

242 Squanga Ave.
Whitehorse, Yukon Y1A 3Y6
email: rrondeau@northwestel.net

March 20, 2025

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3
Attention: Chair and Board Members

Re: UCG Submission Yukon Energy Corporation (YEC) 2024 LWRP Application

To all concerned:

Consistent with the Board Order 2025-, UCG has the following concerns regarding the YEC LWRP calculations:

A. The Concept using the YECSIM and Term Sheet

1. The UCG has done its best in our attempt to understand the term sheet, but none of us has been successful in doing so. The YEC has been very remiss in adequately explaining the validation for utilizing this method, including the very poor attempt by their professional consultant during cross examination in the last rate hearing. Mr. Osler simply summarized: "I am not a modeler, but it is the best method we have available." The UCG recommendation is that the Board order the YEC to go back to the drawing board on this issue.
2. Before deciding on the UCG above recommendation, I would like to take this opportunity for each of the Board members to ask themselves: Do I truly understand the term sheet? If you do not and take the technical professional's judgement as your decision, then I suggest you ask him if he indeed understands this methodology.
3. UCG submits that this method confuses the outcome by utilizing forecasts from the YECSIM and then using the actuals in other areas of the term sheet. And, there are discrepancies in the amounts the YEC uses for thermal generation sources to determine their revenue requirement and what they use in the term sheet.¹ The appearance is that these methodologies use what the YEC perceives delivers the best outcome for their bottom line. We understand that this problem exists because the YEC has to forecast to receive a revenue requirement for any test year and that this LWRP concept is an attempt to remedy the discrepancy with their actuals. For this the YEC uses their magic Table 2.2-2 to remedy the "expected" thermal generation based on long-term average hydro generation. Here lies the problem.

¹ YEC Table 1.1 LWRP calculations in 2024 and YUB-YEC-17

The Term Sheet states GRA LTA Thermal Generation Forecast a 68,095 MW.h while the IR YUB-YEC-1-17 states the forecast thermal generation at 56,636 MW.h

These same evidence sheets show a discrepancy in the Forecast Total Generations for the two calculations.

4. As the UCG has made our issues and arguments clear on these term sheets in all prior proceedings regarding the LWRF (since it was changed from the Diesel Contingency Fund), without success, it is feudal to attempt this again.

B. Allocation of Thermal Generation (i.e. LNG and diesel)

5. However, one issue still sticks out that has been approached before without sufficient detail in reasoning by the YEC. It is impossible to understand how the YEC determines how to divide the diesel and the LNG generation into their formula to determine the amounts to be included in the LWRF. It appears from the reasoning given to the YUB in the 2022 process in YUB-YEC-1 and -2, is that the YEC has decided to use actuals for the diesel to LNG proportion to determine the term sheet or somewhat so? These result in a misfire, for example in this 2024 report it is 43-57 diesel-LNG proportion for the charge (negative result), in 2023 it was.....², in 2022 it was 100% LNG for the refund (positive result), in 2020 it was 30-70 diesel to LNG for a charge (negative result), in 2019 there was a negative diesel for a charge (negative result) What does that mean?, in 2018 there was a 70-30 diesel-LNG split for a charge (negative result) and so on.³
6. It appears that the YEC told us that in 2022 no diesel was used.⁴ This needs to be qualified.
7. It is our understanding that there is supposedly a set diesel-LNG per centage to be used 10 to 90. The YEC appears to use this only for their forecasts, but when it comes to the term sheet it appears they chose a different schedule.
8. The YECs' only explanation for their results on this term sheet is a Source reference for LNG outcome which states: "90% of total thermal, subject to not exceeding total thermal less estimated diesel or actual diesel."⁵
9. UCG questions where this comes from, what does it actually mean and exactly why it is used?
10. The YEC will tell us this is a closed scope for 2024 only, but we need answers to these quandaries to have trust that the YEC truly considers the benefit of their ratepayers.

C. Aishihik Plant Shut-Down and Consequential Necessity for Extra Thermal in 2024

11. UCG is concerned about how the YEC will process the extra use of thermal costs in their books for 2024. The YEC needs to demonstrate to all concerned that none of these costs has been reflected in the LWRF, seeing that water availability, i.e. at the Aishihik facility, on the grid for generation was lower than the forecast.

Conclusion

² UCG attempted to locate the 2023 LWRF reports, but these are not to be found in the Board web nor the 2023-24 YEC GRA

³ L18, L18a and L18b 2018-2024 LWRF term sheets

⁴ What also becomes questionable is for the last period reported for a refund available (2022), 100% LNG was used for L.18b

⁵ Table 1.1-LWRF Term Sheets Source for L.16 L17 and L18

12. These models make it convenient for the YEC as their go-to tool for forecasting, but evidence has clearly outlined that they are not infallible and therefore should be regulated with caution. There are discrepancies between these model predictions and the actual records as evidence above clearly demonstrates in this intervention. There are serious limitations and inherent uncertainties in their outcomes. Continued validation and refinement are needed or even better a new model that is easy to follow be implemented by the Board.
13. Accordingly, we submit that at the very least the regulator carefully scrutinize the data from all of these term sheets, i.e. not only for 2024, but also the prior LWRF reports, before implementing a decision.