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Our File No.: 12276.92

August 20, 2013

Via Electronic Filing

Yukon Public Utilities Board
Box 31728
Whitehorse, YK Y1A 6L3

Attention: Mr. Bruce McLennan, Chairman

Dear Mr. Chairman:

**Re: Yukon Electrical Company Limited 2013-2015 General Rate Application
Reply to UCG Motion for More Complete Responses to Information Requests ("IRs")**

I. INTRODUCTION

We act for Yukon Electrical Company Limited ("Yukon Electrical") in respect of the above referenced Application. We have had an opportunity to review the UCG's motion dated August 13, 2013 seeking to compel "more complete" responses from Yukon Electrical to certain of the UCG's IRs (the "Motion"). We provide the following submissions in reply to the Motion on behalf of Yukon Electrical and in accordance with the process set out in the Board's memorandum dated August 14, 2013.

As outlined in further detail below, with the exception of the specific IRs in respect of which Yukon Electrical has provided additional information supplemental to its initial filing, Yukon Electrical submits that it has provided comprehensive responses with appropriate detail to all relevant and reasonable requests received by the UCG. Accordingly, Yukon Electrical respectfully requests that the UCG motion be denied and that Yukon Electrical not be compelled to provide any further information in respect of the disputed IRs.

Yukon Electrical's submissions in reply to each of the IRs disputed by UCG are set out below.

II. REPLY TO DISPUTED RESPONSES TO IRs

UCG-YECL-4 - Please provide details of all expected recoveries through Rider R by month for the period July 2013 through December 2014.

In the Motion, the UCG states that the intent of this information request is to get a better understanding of the cumulative impact on ratepayers of the charges that are being levied by Yukon Electrical and Yukon Energy Corporation ("YEC"), and to verify the details of the forecasts provided by Yukon Electrical. The UCG goes on to say that it suspects that the utilities will be recovering more from ratepayers than has been allowed by the Board. Finally, UCG submits that the monthly details of recoveries through these rate

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riders is required in order to allow UCG to argue about the cumulative impacts on ratepayers and to verify that Yukon Electrical's forecast recoveries are not excessive.

With respect, the suggestion that the utilities will be recovering more from ratepayers than has been allowed by the Board is without basis and wholly inappropriate. In particular response to the UCG's submissions in respect of this IR, Yukon Electrical submits that it should not be compelled to provide any further information for the following reasons:

- UCG-YECL-5, and more specifically UCG-YECL-5(d) Attachment 1, provides complete details on actual as well as forecast cumulative month over month impacts on ratepayers from January 1995 through to December 31, 2015. Yukon Electrical submits this information provides an understanding of actual as well as forecast cumulative impacts on ratepayers.
- As detailed in Yukon Electrical's Application (page 12-1), any difference between the amounts collected on interim refundable rates and those finally approved by the Board will be refunded to, or collected from customers. As such, there cannot be an over or under collection of amounts by Yukon Electrical in relation to the revenue requirement that is ultimately be approved by the Board.
- YEC's monthly sales forecast is not within the possession or control of Yukon Electrical.
- There is more than sufficient evidence on the record to allow the UCG, if it chooses, to argue about the cumulative impacts on ratepayers.

UCG-YECL-5(b) - Please provide detailed calculations of the total bill (including all riders, rate relief, and taxes) for a residential customer living in Whitehorse using 1000 kWh, 1200 kWh and 1400 kWh per month in January 2008, January 2009, January 2010, January 2011, January 2012, January 2013, January 2014 and January 2015 assuming that the 2013, 2014 and 2015 rate adjustments proposed by YECL are approved. Please provide details of the bill calculations and indicate overall percentage changes in the total bill for each year.

The UCG states that Yukon Electrical has not provided the taxes in the bottom line. Yukon Electrical submits that it should not be compelled to provide any additional information for the following reasons:

- A comprehensive response to this IR has already been provided. There have been no changes to the 5% GST rate for the period January 1, 2008 forward.
- Inclusion of GST would result in an immaterial decrease in the bill change impacts calculated by Yukon Electrical and is not material to, or reasonably necessary for, the testing of this Application.

UCG-YECL-5(c) - Please provide details of YECL's understanding of mitigation efforts in other jurisdictions if rate adjustments result in bill impacts in excess of a specific threshold.

The UCG states that Yukon Electrical has not provided any indication of where "cross subsidization between rate classes" has been used. In response, Yukon Electrical provides the following additional information:

- The cross subsidization between rate classes referenced in Yukon Electrical's response to this IR was used by ATCO Electric as part of its rate design to transition Irrigation and Street Light

customers to 100% cost of service from materially lower levels of 45% and 74%, respectively over a period of time This was approved by the Alberta Utilities Commission in Decision 2009-231 respecting ATCO Electric's 2010 Distribution Tariff - Phase II. Enclosed herewith is an excerpt from Decision 2009-231 addressing this issue.

UCG-YECL-9(a) - Please provide the source documents for the monthly heating degree days provided in the Application at Section 2, Attachment 20.

In the Motion, the UCG states that it requested the specific data source "documents" used by Yukon Electrical in its calculation "not access to a moving data range." In response, Yukon Electrical submits the following:

- UCG’s information request asked for the “source documents for the monthly heating degree days” that Yukon Electrical used in the Application at Section 2, Attachment 20. Yukon Electrical has provided the source of the data, which is the Environment Canada’s website for climate data. That is the source Yukon Electrical uses every month to record the HDD data for Whitehorse.
- To provide further information to the UCG, the website provides 3 easy steps to retrieve the data for the weather location of interest: Step 1, select data interval (Hourly, Daily, Monthly); Step 2, select date (Year, Month, Day); and Step 3, select the location. Following these steps, one would get the hourly/daily/monthly weather data for the specified date and location. For example, following the above 3 steps for Whitehorse daily HDD for January, 2012, one would get the following page:

The screenshot shows the 'Daily Data Report for January 2012' for Whitehorse, Yukon Territory. The page includes metadata, search options, and a table of daily weather data.

Metadata including Station Name, Province, Latitude, Longitude, Elevation, Climate ID, WMO ID, TC ID

Latitude:	60°42'34.200" N	Longitude:	135°04'07.900" W	Elevation:	706.20 m
Climate ID:	2101300	WMO ID:	71964	TC ID:	YYV

Daily Data Report for January 2012

DAY	Max Temp °C	Min Temp °C	Mean Temp °C	Heat Deg Days	Cool Deg Days	Total Rain mm	Total Snow cm	Total Precip mm	Snow on Grnd cm	Dir of Max Gust 10's deg	Spd of Max Gust km/h
01	-5.0	-17.3	-11.2	29.2	0.0	0.0	4.0	2.6	19	17	56
02	-1.8	-10.7	-6.3	24.3	0.0	0.0	1.5	1.0	21	23	65
03	-8.5	-17.6	-13.2	31.2	0.0	0.0	2.6	2.2	18		<31
04	-6.7	-17.9	-12.3	30.3	0.0	0.0	1.8	1.2	18	17	37
05	-2.3	-14.5	-8.4	26.4	0.0	0.0	0.0	0.0	22	17	44
06	-6.0	-9.2	-7.6	25.6	0.0	0.0	0.0	0.0	21	17	56

- In order to get monthly HDD data from January 1993 to December 2012, which is presented in Attachment 20 of the Application, one would need to repeat the above 3 steps 240 times (12 x 20) for HDD in Whitehorse. The same process would be needed to be repeated for HDD in Watson Lake. If the UCG wishes to audit the accuracy of the HDD data Yukon Electrical has used in Attachment 20, Yukon Electrical has provided UCG with precise instructions on how to access this publicly available information by following the above steps. Yukon Electrical respectfully submits that its response was appropriate and complete. Yukon Electrical does not believe that cluttering the record with an additional 480 pages of printed data material is an efficient use of limited resources for purposes of this Application.

UCG-YECL-10(b) - Please explain how the requested deferral account lessens the risk faced by YECL.

In the Motion, UCG is looking for Yukon Electrical's position on the impact the industrial sales deferral account has on the risks it might face in the test period. Yukon Electrical's response was as follows:

The requested deferral account neither decreases nor increases the risk faced by Yukon Electrical as compared to its 2008-2009 GRA. This is due to fact that no industrial sales were forecasted as part of Yukon Electrical's 2008-2009 GRA.

Yukon Electrical submits that the above is a complete and appropriate response and Yukon Electrical should not be compelled to provide any further information as requested. While the UCG may not like or agree with Yukon Electrical's response or the context for the discussion of risk that Yukon Electrical provided therein, that is not a valid basis upon which to request additional information. The UCG will have an opportunity to present evidence and argument on its views on the issue at the appropriate time.

UCG-YECL-18(a) - Please provide details of the source for these diesel fuel prices.

In the Motion, UCG states Yukon Electrical's response to this IR lacks any detail to allow for a comprehensive review of this important cost component.

In response, Yukon Electrical submits that it has provided details of the forecast source; namely the actual February 2013 delivered fuel expense price from Yukon Electrical's two fuel suppliers – Air North and Suncor Energy Products Partnership, and that an audit of underlying invoices of fuel delivered by these suppliers is not an effective or efficient use of limited resources for purposes of this Application. Further, Yukon Electrical notes that its external auditors, PricewaterhouseCoopers, test actual vs. the forecast fuel expense for purposes of Yukon Electrical's annual financial statement audit. Accordingly, an audit of the actual invoices used for forecast purposes is not reasonably necessary in order to test the Application.

UCG-YECL-18(b) - Please update Schedule 4.2 with the most recent diesel fuel prices and provide details of the sources for these prices.

In the Motion, UCG states that Yukon Electrical has not provided proof of these updated costs or the impact of these updated costs on the revenue requirement. Yukon Electrical respectfully submits that, read together, its responses to UCG-YECL-18 (a) and (b) provide a complete answer to the question asked and it should not be compelled to provide any further information. Its responses were as follows:

- (a) The source for these diesel fuel prices is the actual February 2013 delivered fuel expense price from fuel suppliers. This is a weighted price based on a First-in First-out inventory basis. Air North is Yukon Electrical's fuel supplier for Old Crow and Suncor Energy Products Partnership supplies fuel to all other communities.
- (b) Please refer to UCG-YECL-18(b) Attachment 1. The source for these diesel fuel prices is the actual June 2013 delivered fuel expense price from fuel suppliers. This is a weighted price based on a First-in First-out inventory basis. With respect to part (b), if the UCG wants to calculate the impact of these updated forecast costs on the revenue requirement, which it did not ask for in its original IR request, it can do so with the information that has been provided using average cost for each location multiplied by the litres consumed for each location.

UCG-YECL-24(a) - Please identify utilities comparable to YECL that have been allowed to include net salvage estimates within their current depreciation rates.

In the Motion, UCG states that Yukon Electrical has not provided information on which of the listed utilities are comparable to Yukon Electrical.

In response, and for purposes of clarity, Yukon Electrical submits that its response provided a listing of utilities that have negative salvage values included in the depreciation rate calculations separated into two separate groupings. The first grouping provided the identification of regulated Canadian electric utilities that have a large investment in electric distribution plant. Additionally these utilities have all recently had studies submitted to their respective regulator, and should be considered as comparable to Yukon Electrical. The second grouping of utilities were provided to indicate the regulated Canadian utilities in other energy sectors that had negative salvage values included in their depreciation rate calculations, and to the extent that they represented regulated Canadian utilities, they could also be considered as comparable.

UCG-YECL-24(b) - Please provide details of regulator decisions related to the Gannett Fleming's proposed provisions relating to the recovery of costs of removal.

In The Motion, UCG has requested a more complete and detailed response.

In response, Yukon Electrical submits, as noted in its original response, it does not understand what is meant by "provide details of regulator decisions". The UCG appears to be asking for a discussion of the background and reasons for the various regulatory decisions. Neither Gannett Fleming nor Yukon Electrical is in a position to provide such comment. In most of the cases listed in the response to UCG-YECL-24(a), a reference has been provided to a written decision (including reasons) that is publicly available and can be accessed by the UCG should it wish to better understand the regulators' decisions. Yukon Electrical submits that any discussion beyond what is expressed in the regulators' reasons would be speculative and inappropriate. Accordingly, Yukon Electrical submits that a complete response has been provided and it should not be compelled to provide any further information.

UCG-YECL-30(j) - Please provide details of the change in revenue requirement for 2013, 2014 and 2015 by keeping the equity ratio at 40% and allowing a return on equity of 8.75%.

In the Motion, UCG has requested a detailed breakdown of the revenue requirement components impacted. With respect, this was not the UCG's original request. Yukon Electrical has already provided a

complete response to the question asked. Furthermore, the requested information is not reasonably required in order to test the Application. Accordingly, Yukon Electrical respectfully submits that it should not be required to provide the additional information requested.

UCG-YECL-32 - Please provide a copy of the table that appears at the top of page 8-7 with actual data from 2008 through 2012. Please provide all related source documents for the updated table.

In the Motion, UCG states Yukon Electrical did not provide all related source documents for the updated table going back to 2008. In response, Yukon Electrical submits it has already provided all such material as is within its control and possession regarding its actual long term debt issues for the period 2008-2012.

UCG-YECL-98(c) - Please provide a copy of all materials and positions authored by YECL that have been contributed to this consultation process.

In the Motion, UCG states Yukon Electrical has not provided a copy of all materials and positions authored by Yukon Electrical that have been contributed to the IPP consultation process. In response, Yukon Electrical submits that it does not have any additional material to provide regarding its requested participation in the government-led initiative to develop an IPP policy. It is anticipated that the government will issue a policy for public comment.

III. CONCLUSION AND RELIEF SOUGHT

In response to the Motion, and in the interest of providing as much information as is reasonably available that will be relevant and of assistance to the Board and the Interveners, Yukon Electrical has provided additional information in respect of the following IRs:

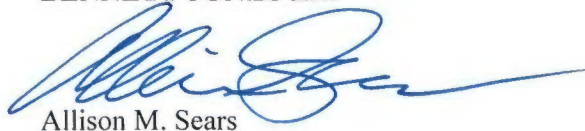
UCG-YECL-5(c)
UCG-YECL-9(a)
UCG-YECL-24(a)

With respect to the remaining IRs outlined in the UCG's Motion, Yukon Electrical submits that it has already provided full and adequate responses with appropriate detail to all relevant and reasonable requests received by the UCG in accordance with s. 14 of the *Yukon Utilities Board Rules of Practice*. Yukon Electrical notes that in some instances the UCG is seeking information that is not in the control or possession of Yukon Electrical or that is not relevant or reasonably necessary in order to test the Application before the Board. Accordingly, Yukon Electrical respectfully requests that the UCG's Motion be denied and that Yukon Electrical not be compelled to provide any further information in respect of the remaining disputed IRs

We trust the foregoing is satisfactory. Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

BENNETT JONES LLP

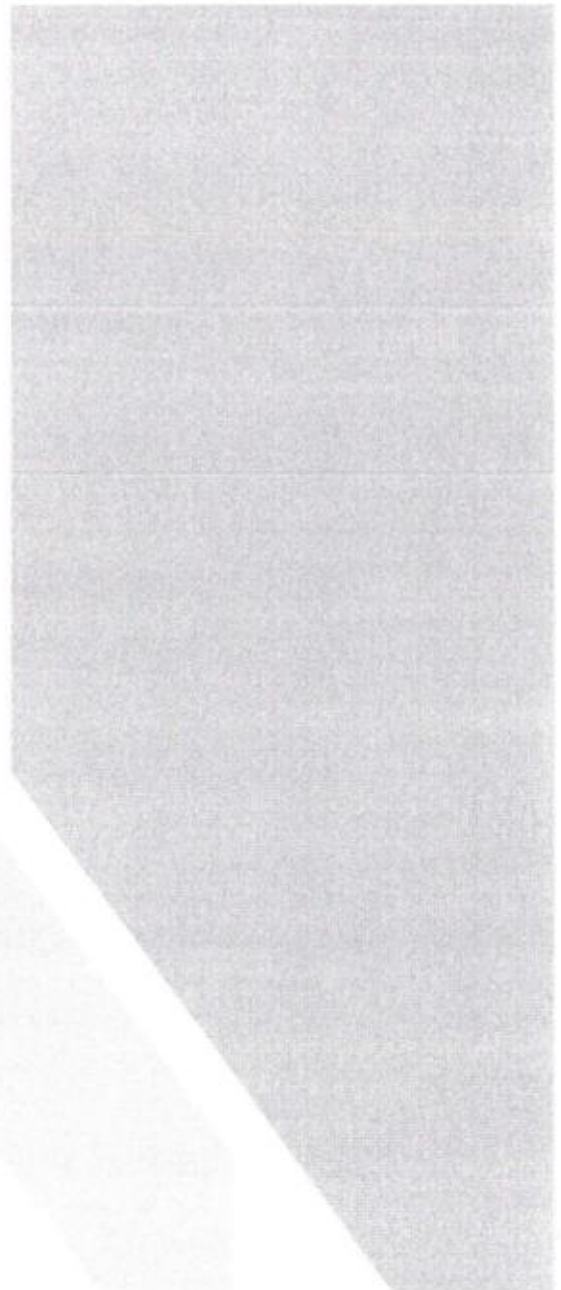

Allison M. Sears



ATCO Electric Ltd.

2010 Distribution Tariff – Phase II

December 3, 2009



37. The Commission notes that in all cases, the methodologies used to allocate/assign the costs and the rate design employed in the 2010 DT Phase II are essentially the same as those approved in the 2008 DT Phase II Application Decision 2007-086.

38. The Commission's views on a number of the material provisions of the NSA are discussed in further detail in the subsections of this Decision that follow.

4.3.2 Irrigation and Street Light Revenue to Cost Ratios Transition

39. Parties to the NSA agreed upon the following rate design transition for the Irrigation and Street Light customer classes:¹²

Notwithstanding that this Negotiated Settlement applies only to the 2010 test year, ATCO Electric commits to attempt to bring the Irrigation (D25/D26) and Street Light (D61) customer classes within a revenue-to-cost band of between 95% and 105% within 5 years from the effective date of this Negotiated Settlement. In attempting to achieve this result it is agreed by all Parties that, in any given year, ATCO Electric shall not increase Irrigation and Street Light rates by more than 25% of those customer classes' costs of service on an annual basis.

40. AE stated in its Original Application that Street Light and Irrigation customers would be transitioned to 100 percent revenue to cost ratios over a period of time. AE indicated that rate adjustments were made to the distribution and service functions of other rate classes to absorb the revenue deficiencies of Street Light and Irrigation rate classes which were considerably less than 95 percent.¹³ AE estimated that it would take 3 to 4 distribution tariff applications for the Street Light rate class and possibly longer for the Irrigation rate class to reach 100 percent revenue to cost ratios, without exceeding the 10 percent maximum rate class increase cap.¹⁴

41. AE indicated that once the retail portion of a customer's bill was taken into consideration, increasing distribution base rates above 10 percent was possible without resulting in significant rate shock impacts on customers.¹⁵

42. The Commission is prepared to accept the negotiated change in rate design which transitions the Street Light and Irrigation customer classes to be within the revenue to cost ratio tolerance band of 95 percent to 105 percent. The Commission further accepts this change as consistent with AE's rate design principles. The Commission finds that as a result of this negotiated change in rate design, fairness and efficiency between rate classes is promoted as rates will then recover the cost of service to each rate class rather than absorb revenue deficiencies from other rate classes.

¹² Application, Section 9.

¹³ Original Application, Section 5 – Tariff Design, page 5-5.

¹⁴ Information Response AUC-AE-14(a).

¹⁵ Information Response AUC-AE-15(b).

4.3.3 Rate Increases Arising Out of the NSA

43. Appendix B to the NSA contained monthly bill comparison schedules which reflected the revisions and updates to AE's rates resulting from the NSA. Table 1 below sets out the total changes in transmission and distribution rates and riders, including energy costs, for typical usage by customers in AE's rate classes.

Table 1. Estimated Rate Impact of the 2010 Distribution (DT) Rates vs. Current Approved Rates Including Retail Energy¹⁶

Rate Class	DT Base Rate including Energy Charge May 1 2009 \$/month	DT Base Rate including Energy Charge Jan 1 2010 \$/month	Impact May 1 2009 to Jan 1 2010 \$	Impact May 1 2009 to Jan 1 2010 %
D-11 Residential	108.47	123.90	15.43	14.2
D-21 Commercial	828.65	972.94	144.29	17.4
D-25 Irrigation	2,476.05	2,920.12	444.07	17.9
D-26 REA Irrigation	2,030.08	2,178.83	148.75	7.3
D-31 Industrial	1,819.18	2,113.73	294.55	16.2
D-41 Oilfield	992.19	1,148.99	156.80	15.8
D-51 REA Farm	150.36	164.89	14.53	9.7
D-56 Farm	172.11	181.18	9.07	5.3
D-61 Street Lighting	13.11	15.27	2.16	16.5
D-63 Private Lighting	16.60	15.63	(0.97)	-5.8
T-31 Industrial	91,315.53	108,744.08	17,428.55	19.1

44. Table 2 below sets out the total changes in transmission and distribution rates and riders, excluding energy costs, for typical usage by customers in AE's rate classes:

Table 2. Estimated Rate Impact of the 2010 Distribution (DT) Rates vs. Current Approved Rates Excluding Retail Energy¹⁷

Rate Class	DT Base Rate excluding Energy Charge May 1 2009 \$/month	DT Base Rate excluding Energy Charge Jan 1 2010 \$/month	Impact May 1 2009 to Jan 1 2010 \$	Impact May 1 2009 to Jan 1 2010 %
D-11 Residential	53.54	63.01	9.47	17.7
D-21 Commercial	245.32	309.89	64.57	26.3
D-25 Irrigation	1,508.29	1,843.85	335.56	22.2
D-26 REA Irrigation	1,062.31	1,102.56	40.25	3.8
D-31 Industrial	533.25	658.14	124.89	23.4
D-41 Oilfield	319.74	390.34	70.60	22.1
D-51 REA Farm	43.93	44.68	0.75	1.7
D-56 Farm	65.68	60.98	(4.70)	-7.2
D-61 Street Lighting	6.45	8.25	1.80	27.9
D-63 Private Lighting	9.94	8.60	(1.34)	-13.5
T-31 Industrial	13,472.20	20,486.57	7,014.37	52.1

¹⁶ Application, Appendix B – Bill Comparison Schedules.

¹⁷ Application, Appendix B – Bill Comparison Schedules.

45. The Commission notes that the bill comparison schedules provided as Appendix B to the NSA exclude the current flow-through Rider B – Balancing Pool Adjustment¹⁸ of \$6.50/MWh in 2010. AE indicated in its price schedule that the amount of the 2010 Rider B Balancing Pool Adjustment was unknown at the time the NSA was filed.

46. The Commission considers that the exclusion of the Rider B refund amount significantly increased the rate impacts shown for 2010 in Tables 1 and 2 above. Table 3 below compares the total percentage rate impact for transmission and distribution rates and riders, including energy costs from Table 1 with an updated total percentage rate impact calculated by the Commission which incorporates Rider B at a forecast amount of \$6.50/MWh for 2010.

Table 3. Estimated Rate Impact Percentage of the 2010 Distribution (DT) Rates Including Retail Energy and Rider B Refund Amount

Rate Class	Rate Impact May 1 2009 to Jan 1 2010 Without Rider B (Table 1) %	Rate Impact May 1 2009 to Jan 1 2010 With Rider B %
D-11 Residential	14.2	10
D-21 Commercial	17.4	11
D-25 Irrigation	17.9	15
D-26 REA Irrigation	7.3	3
D-31 Industrial	16.2	10
D-41 Oilfield	15.8	10
D-51 REA Farm	9.7	4
D-56 Farm	5.3	0
D-61 Street Lighting	16.5	12
D-63 Private Lighting	-5.8	-9
T-31 Industrial	19.1	12

47. The bill comparisons in Table 3 confirm that, with a few exceptions, which were mainly addressed in Section 4.3.2 of this Decision, the overall increase for each rate class based on the continuation of Rider B at its current level for customers with typical power consumption does not materially exceed 10 percent (including energy).

48. The Commission has reviewed the rate increases set out in Appendix B to the NSA as summarized in Table 1 and Table 2 above. The Commission finds that increases are warranted given the capital related increases to revenue requirement from the GTA, COSS allocation results, and the tariff design.

49. The Commission notes that Table 3 above demonstrates that the impacts on the customer classes are reduced when Rider B based on its current level is included for 2010. The Commission also notes that parties to the NSA were aware of and agreed to the bill comparisons shown in Table 1 and 2 above which formed Appendix B of the NSA. The Commission does not consider that increases over 10 percent resulting from the NSA are unjust or unreasonable given the acceptance by the parties of the even higher proposed increases summarized in Table 1 and 2 above.

¹⁸ Original Application, Section 5 – Tariff Design, pages 5-15 and 5-16.