



## **YUKON ENERGY CORPORATION**

2021 GENERAL RATE APPLICATION  
COMPLIANCE FILING  
ROUND 1 INTERROGATORY RESPONSES FILED

May 12, 2022

1 **ISSUE: Hearing cost reserve account**

2

3 **REFERENCE: Appendix A to Board Order 2022-03, Table 15, PDF page 45;**  
 4 **Compliance Filing Application, Section 2.4.4, PDF page 32;**  
 5 **Compliance Filing Application, Table 1.1-2, PDF pages 11, and 53;**  
 6 **Compliance Filing Application, Tab 7, Schedule 3, PDF page 53 and**  
 7 **2021 GRA, Table 3.14.1, PDF page 69**

8

9 **QUOTE:**

10 **Appendix A to Board Order 2022-03, Table 15, PDF page 45:**

**Table 15. Categories of costs charged to the hearing reserve account between January 1, 2019, and September 30, 2021 (\$)**

2017-18 GRA – approved costs per Board Order 2019-03	882,983
2017-18 GRA – second compliance filing approved costs per Board Order 2020-01	92,955
R&V of YEC GRA cost awards in Board Order 2019-03 per Board Order 2020-02	124,200
DSM Appeal costs	118,968
<b>Total</b>	<b>1,219,106</b>

11

12

13 **Compliance Filing Application, PDF page 32:**

**2.4.4 Hearing Cost Reserve Account**

The Board directed as follows regarding the Hearing Cost Reserve Account:

218. The Board denies YEC’s DSM appeal costs charged to the hearing reserve account between January 1, 2019, and September 30, 2021. The Board directs YEC to remove those costs from its hearing costs reserve account in its Compliance Filing to this Board Order.

Costs related to the DSM Appeal have been removed from the hearing cost reserve. See Appendix 1, Table 1.1-2 which notes a \$0.084 million decrease in rate case amortization.

14

15 **Compliance Filing Application, Table 1.1-2, PDF page 11 excerpt):**

<b>Net Amortization</b>	<b>13,125</b>	<b>12,766</b>	<b>-360</b>
<i>Fixed Asset Depreciation</i>	13,581	13,372	-209
<i>Customer contribution</i>	-4,461	-4,416	45
<i>Amortization of fire insurance recoveries</i>	-262	-262	0
<i>Disallowed Depreciation</i>	-204	-238	-34
<i>Amortization of deferred charges</i>	4,471	4,310	-161
<i>Rate Case</i>	767	683	-84
<i>Feasibility and Relicensing</i>	2,640	2,612	-28
<i>Dam safety</i>	93	64	-28
<i>Vegetation Management</i>	222	222	0
<i>Intangibles</i>	749	729	-20

16

17

1 **Compliance Filing Application, Tab 7, Schedule 3, PDF page 53 (excerpt):**

Line No.	Description	Cross Ref.	2018 GRA Compliance	Actual 2018	Actual 2019	Forecast 2020	2021 GRA Compliance
51	Hearing Reserve						
52	Opening balance		(1,026)	(1,026)	(926)	(99)	63
53	Additions		155	155	883	217	-
54	Amortization		(55)	(55)	(55)	(55)	(55)
55	Year-end balance		(926)	(926)	(99)	63	8

2  
3

4 **2021 GRA, Table 3.14.1, PDF page 69:**

**Table 3.14.1:  
Hearing Cost Reserve Account Continuity Schedule  
(\$000)**

	2018 Approved	Actual 2018	Actual 2019	Forecast 2020	Forecast	
					Existing 2021	Proposed 2021
Opening Balance	-\$1,026	-\$1,026	-\$926	-\$99	-\$61	-\$61
Annual Appropriation	-55	-55	-55	-55	-55	-55
Annual Costs	155	155	883	93	0	0
Closing Balance	<u>-\$926</u>	<u>-\$926</u>	<u>-\$99</u>	<u>-\$61</u>	<u>-\$116</u>	<u>-\$116</u>

Note:

1. As per Board Order 2018-10, the Hearing Cost Reserve Account reflects annual appropriation of \$0.250 million plus amortization of the 2016 credit balance over a five year period [\$0.195 million/year] to total \$0.055 million.
2. The Proposed 2021 column does not include 2021 GRA hearing related costs as the costs are included in the hearing reserve after approval by the YUB and YEC does not expect the 2021 GRA hearing costs will be approved by end of 2021.

5  
6

7 **PREAMBLE:** In Board Order 2002-03, YEC was denied the inclusion of  
8 approximately \$0.119 million of DSM-related appeal costs from  
9 recovery through its hearing cost reserve account.

10

11 Referring to 2021 GRA Compliance Filing Application, Tab 7, Schedule  
12 3 (excerpt) quoted above, the Board notes that YEC’s 2020 annual  
13 forecast costs have increased from \$0.093 million to \$0.217 million, or  
14 an amount of \$0.124 million, which appears to be an amount consistent  
15 with costs related to “R&V of YEC GRA cost awards in Board Order  
16 2019-03 per Board Order 2020-02” as noted by the Board in Appendix  
17 A to Board Order 2022-03, Table 15, PDF page 45.

18

19 Further, in YEC’s 2021 GRA Compliance Filing Application Table 1.1-  
20 2: Adjustments to the Ratebase, Return on Ratebase and Amortization  
21 Expense, YEC shows the difference between its 2021 GRA and

1 compliance filing for its amortization of deferred charges specific to rate  
2 case as a reduction to revenue requirement in the amount of \$0.084  
3 million.  
4

5 **QUESTION:**  
6

- 7 a) Please clarify if the “DSM Appeal costs” or the “R&V of YEC GRA cost awards in  
8 Board Order 2019-03 per Board Order 2020-02” were included in YEC’s 2021 GRA  
9 as either a *cost in 2021 or as part of the 2020 opening balance of its hearing cost*  
10 *reserve account. If confirmed, please provide all references, tables, or schedules*  
11 *within a “Tab” that identifies either of these costs.*  
12
- 13 b) Please explain the difference of \$0.124 million in YEC’s opening 2021 Hearing  
14 Cost Reserve Account between the amounts provided in its GRA (\$-0.061 million)  
15 compared to its Compliance Filing (\$0.063 million) and whether these are “R&V of  
16 YEC GRA cost awards in Board Order 2019-03 per Board Order 2020-02” as noted  
17 by the Board in Appendix A to Board Order 2022-03, Table 15, PDF page 45.  
18
- 19 c) Referring to the response to part (b), in what proceeding should the Board test and  
20 potentially agree with the change to YEC’s opening 2021 Hearing Cost Reserve  
21 Account between the time of its GRA Application (\$-0.061 million) and Compliance  
22 Filing (\$0.063 million)?  
23
- 24 d) Please clarify whether the reduction to revenue requirement in the amount of  
25 \$0.084 is related to the denied inclusion of the “DSM Appeal costs,” or the “R&V  
26 of YEC GRA cost awards in Board Order 2019-03 per Board Order 2020-02.”  
27
- 28 e) Referring to YEC’s 2021 Compliance Filing Application, Table 1.1-2, PDF page 11  
29 and the information pertaining to the amortization of deferred rate case charges,  
30 please detail the composition of the costs identified in both columns (\$0.767 million  
31 and \$0.683 million), and explain how the information therein has incorporated the  
32 Board’s direction with respect to “DSM Appeal costs” or the “R&V of YEC GRA  
33 cost awards in Board Order 2019-03 per Board Order 2020-02.”  
34

35 **ANSWER:**  
36

37 **(a)**

1 “DSM Appeal Costs” of \$118,968 and “R&V of YEC GRA cost awards in Board Order  
2 2019-03 per Board Order 2020-02” of \$124,200, as noted in Appendix A to Board Order  
3 2022-03 (Table 15), were not included in YEC’s 2021 GRA as filed in November 2020 as  
4 either a cost in 2021 or as part of the 2020 opening balance of YEC’s hearing cost reserve  
5 account.

6  
7 Please see responses to (b) and (c), and (d) and (e) below.

8  
9 **(b) and (c)**

10  
11 Confirmed. The variance of \$0.124 million reflects costs for the R&V of YEC GRA cost  
12 awards in Board Order 2019-03 per Board Order 2020-02 issued in August 2020. This  
13 amount was noted by the Board in Appendix A to Board Order 2022-03, Table 15, PDF  
14 page 45 as part of the breakdown of YEC’s costs for appeals and costs for other categories  
15 of hearing costs charged to the related reserve account.

16  
17 The added cost of \$124,200 relates to the R&V of the cost awards in the YEC 2017/18  
18 GRA initiated by the Board in response to an appeal filed by the Government of Yukon.  
19 This amount was reviewed and approved in Board Order 2020-02. Therefore, as reported  
20 in the YEC Response to Undertakings, #15 in the current proceeding, it was included in  
21 the Hearing Cost Reserve Account. Board Order 2022-03 reviewed the costs as provided  
22 in the referenced Table 15 and denied only YEC’s DSM appeal costs.

23  
24 Below is documentation of what was included in the Original Filing and the Compliance  
25 Filing. As shown below, neither the referenced \$124,200 related to Board Order 2020-02  
26 nor the DSM Appeal cost of \$118,968 was included in the 2021 GRA document filed in  
27 November 2020 (the “Original Filing”). The Compliance Filing includes the referenced  
28 \$124,200 but does not include (in accordance with Board Order 2022-03 direction) the  
29 DSM Appeal cost.

	Original Filing	Compliance Filing	
<b>2018</b>	<b>155,415</b>	<b>155,415</b>	
	84,776	84,776	<i>Victoria Gold PPA [Board Order 2018-08]</i>
	70,639	70,639	<i>ERA [Board Order YUB2018-09]</i>
<b>2019</b>	<b>882,983</b>	<b>882,983</b>	<i>2017-18 GRA – approved costs per Board Order 2019-03</i>
<b>2020</b>	<b>92,955</b>	<b>217,155</b>	
	92,955	92,955	<i>2017-18 GRA – second compliance filing approved costs per Board Order 2020-01</i>
		124,200	<i>R&amp;V of YEC GRA cost awards in Board Order 2019-03 per Board Order 2020-02</i>

1 The following table further documents the variance between the Original Filing and the  
2 Compliance Filing (\$000 for all costs in the table):

<u>Description</u>	<u>Actual 2018</u>	<u>Actual 2019</u>	<u>Forecast 2020</u>	<u>2021 GRA</u>
Original Filing				
Opening balance	(1,026)	(926)	(99)	(61)
Additions	155	883	93	-
Amortization	(55)	(55)	(55)	(55)
Year-end balance	(926)	(99)	(61)	(116)
Compliance Filing				
Opening balance	(1,026)	(926)	(99)	63
Additions	155	883	217	-
Amortization	(55)	(55)	(55)	(55)
Year-end balance	(926)	(99)	63	8
Variance				
Opening balance	-	-	-	124
Additions	-	-	124	-
Amortization	-	-	-	-
Year-end balance	-	-	124	124

3  
4

5 **(d) and (e)**

6

7 The \$0.084 million decrease in rate case amortization is not related to any change in the  
8 Hearing Cost Reserve Account, i.e., amortization related to this account remains  
9 unchanged at \$55,000 (see table in response to (b) and (c) above). The Compliance Filing  
10 section 2.4.4 final sentence referencing in this regard the \$0.084 million decrease in rate  
11 case amortization as shown in Table 1.1-2 is an error and should be deleted.

12

13 While reviewing the Compliance Filing amortization expenses as shown in Table 1.1-2,  
14 YEC noticed that the amortization expense related to written-off DSM costs had in error  
15 not been removed from the Rate Case amortization expense. The revised Rate Case  
16 amortization for the Compliance Filing after this correction is \$0.491 million compared to  
17 \$0.683 million in the April 14, 2022 Compliance Filing. YEC has included this adjustment  
18 in the revised Compliance Filing tables provided concurrent with these IR responses.

19

20 The composition of amortization costs in the Original Filing (at \$0.767 million) and the  
21 Compliance Filing (\$0.491 million as revised) resulting in the \$0.276 million decrease in  
22 Rate Case amortization is reviewed in the table below [in \$000].

23

Yukon Energy Corporation  
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 YUB-YEC-1-1

Description	Original Filing	Compliance Filing	Variance	Note
Hearing Reserve	55	55	-	
DSM	388	161	(226)	Removal of amortization expense related to written-off DSM costs [-\$198k]; DSM cost updates [-\$28k]
Other Regulatory	324	274	(50)	Removal of amortization expense related to Atlin EPA [-\$40k]; 10-Year Plan cost updates [-\$16k]; write-off/retirement [\$6]
<b>1 Total</b>	<b>767</b>	<b>491</b>	<b>(276)</b>	

1 **ISSUE:** Amortization period of 12 years for assets constructed for  
2 servicing mine customers and the creation of sub-transmission  
3 asset accounts  
4

5 **REFERENCE:** Appendix A to Board Order 2022-03, PDF pages 41-42 and 55-56,  
6 paragraphs 191-196 and 256-259; Compliance Filing Application,  
7 Tab 7, Schedule 3A, PDF page 54; and Section 2.7.1.1, PDF page  
8 38  
9

10 **PREAMBLE:** At paragraphs 191-196 in Appendix A to Board Order 2022-03, with  
11 respect to the McQuesten Substation, in order to align the amortization  
12 of the “VGC Group – gold mine” contribution and related McQuesten  
13 Substation costs, the Board directed YEC to create a separate sub-  
14 transmission asset account for the substation assets and to incorporate  
15 an amortization period of 12 years.  
16

17 Beyond the McQuesten Substation asset (in the amount of \$11.619  
18 million) and related contribution accounts (in the amount of \$10.688  
19 million), the Board also directed YEC to create a separate sub-  
20 transmission asset account designated as “Substation ‘VGC Group –  
21 gold mine’” for any additional asset category containing assets  
22 constructed for the purpose of servicing the VGC Group mine and to  
23 similarly amortize the related asset costs over a period of 12 years.<sup>1</sup>  
24

25 On Tab 7, Schedule 3A, row 53 of the Compliance Filing, The Board  
26 observes that YEC created a single separate account identified as  
27 “Substation VGC – Gold Mine) in the amount of \$10,688.6 thousand  
28 (the difference between \$81,331.5 thousand and \$70,642.9  
29 thousand).<sup>2</sup>  
30

31 At paragraphs 256-259 in Appendix A to Board Order 2022-03 and with  
32 respect to the Mayo to McQuesten Transmission Project, which  
33 included the construction and installation of a 138-kV transmission line

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<sup>1</sup> Appendix A, paragraphs 191-196.

<sup>2</sup> Tab 7, schedule 3A (both 2021 GRA and 2021 GRA Compliance Filing Application).

1 and STATCOM converter to service the Eagle Gold facility,<sup>3</sup> the Board  
2 also directed YEC to amortize the \$8.628 million in costs for the  
3 STATCOM over a period of 12 years.

4 In its Compliance Filing Application at Section 2.7.1.1, Rate Schedule  
5 39 Fixed Charge, PDF page 38, YEC acknowledged the Board's  
6 directions:

1. YEC is directed (paragraph 340) to reflect the changes in depreciation parameters for calculating the fixed charges as directed in this Board Order in its future application to finalize Rate Schedule 39 fixed charges. These charges are to be effective January 1, 2021.
2. YEC is directed (paragraph 195) to create a separate sub-transmission asset account as Substation "VGC Group – gold mine" for those assets to which the \$10.688 million contribution relates and to amortize these substation costs over a period of 12 years consistent with a 12-SQ. The Board further directed (paragraph 196) that all assets constructed for the purpose of servicing the VGC Group mine, regardless of whether there was a related contribution, should similarly be amortized over 12 years. For each asset category (account) affected, YEC is further directed (paragraph 196) to update its amortization of the reserve differences mechanism to effect a true-up of this amount in its compliance filing to this Board Order.
3. The Board further directed (paragraph 259) that "all assets associated with the mine are amortized over 12 years, which includes the Statcom device. This means that the costs of the STATCOM device will be paid for over the lifetime of the mine, thereby limiting the exposure of costs to non-industrial ratepayers even if the life of the STATCOM device exceeds the life of the mine."
4. The 12 year period specified in the Board's directions is to align amortization of contributions and costs over the period that the assets are expected to serve the VGC Group mine customer (paragraphs 193 and 194).

7

8 **QUOTE:**

9

10 **QUESTION:**

11

12 a) Please clarify whether the McQuesten Substation assets in the amount of  
13 \$10,688.6 thousand include any and all additional asset categories (including  
14 asset subcategories constructed for the purpose of servicing the VGC Group mine  
15 and intended to be amortized over a 12-year period).

16

17 b) If the response to part (a) is confirmed, please explain why separate asset  
18 subcategories have not been created as directed by the Board given that YEC has

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<sup>3</sup> Appendix A, paragraph 257.

- 1 created the following Asset Class IDs for Minto Mine-related assets which include  
2 separate Poles and Fixtures, Brushing, Survey Costs, O/H Conductors, and  
3 Substation Equipment accounts. If the response to part (a) is not confirmed, please  
4 provide references to where the separate asset subcategories are identified.  
5
- 6 c) If the response to part (a) is not confirmed, please create a separate asset  
7 subcategory (and Asset Class ID) for each grouping of transmission assets  
8 constructed to service the VGC Group mine and which are to be amortized over a  
9 period of 12 years.  
10
- 11 d) Referring to Compliance Filing, Tab 7, Schedule 3A, please identify the row that  
12 shows that assets related to the Mayo to Mc Questen Transmission Project, which  
13 included the construction and installation of a 138-kV transmission line and the  
14 STATCOM unit to service the Eagle Gold facility at cost of \$8.628 million,<sup>4</sup> have  
15 been amortized over a period of 12 years.  
16
- 17 e) With respect to the Mayo to McQuesten Transmission Project, if the response to  
18 part (c) indicates no separate asset subcategory was created to include the  
19 construction and installation of a 138-kV transmission line and the STATCOM unit  
20 to service the Eagle Gold facility, please explain why YEC has not created a  
21 separate sub-transmission account (and Asset Class ID) for these assets which  
22 are to be amortized over a period of 12 years.  
23
- 24 f) With respect to the Mayo to McQuesten Transmission Project, if the response to  
25 part (c) indicates no separate asset subcategory was created to include the  
26 construction and installation of a 138-kV transmission line and the STATCOM unit  
27 to service the Eagle Gold facility, please create a separate asset subcategory  
28 account (and Asset Class ID) for each grouping of transmission assets constructed  
29 to service the Eagle Gold facility and which are to be amortized over a period of  
30 12 years.  
31
- 32 g) Please restate Compliance Filing Tab 7, Schedule 3A to include the applicable  
33 columns and rows for each of the Asset Class IDs requested above. If, in doing  
34 so, YEC's depreciation expense forecast changes for the year 2021, please update

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<sup>4</sup> Appendix A to Board Order 2022-03, footnote 166: "YEC Consolidated IR Responses, Round 2, YUB-YEC-2-17, page 8 of 29, PDF page 144."

1 all schedules and exhibits to reflect the updated depreciation expense and revenue  
2 requirement and any other schedule affected by the change.

3

4 **ANSWER:**

5

6 **(a), (b) and (c)**

7

8 **April 2022 Compliance Filing**

9 YEC created one new sub-asset class “Substation VGC – Gold Mine” with total cost of  
10 \$10.688 million in Tab 7, Schedule 3A of the April 2022 Compliance Filing that relates to  
11 McQuesten Substation actual costs funded by VGC Group, as directed in Appendix A to  
12 Board Order 2022-03 (para 195). This is the only account in the April 2022 Compliance  
13 Filing with the 12 year depreciation rate required in 2021 for assets constructed for the  
14 purpose of servicing the VGC Group mine. As the Board directed the same depreciation  
15 rate for all the substation assets installed for the benefit of VGC, there is no need to  
16 separate the costs by sub-category. Therefore, \$10.688 million is included under one  
17 separate sub-asset class.

18

19 Yukon Energy is providing a revised Compliance Filing concurrent with responses to these  
20 IRs. This revised Compliance Filing includes adjustments to Tab 7, Schedule 3A to include  
21 additional asset classes with the 12-year depreciation rate required in 2021 for assets  
22 constructed for the purpose of servicing the VGC Group mine. See response to “g” below  
23 and section headed Revised Compliance Filing at the end of this response.

24

25 **(d), (e) and (f)**

26

27 Appendix A to Board Order 2022-03 directed (para 196) that, in addition to asset costs  
28 funded by VGC Group, “...all assets constructed for the purpose of servicing the VGC  
29 Group mine, regardless of whether there was a related contribution, should similarly be  
30 amortized over a period of 12 years.” Appendix A to the Board Order in this regard  
31 subsequently identified one additional asset that is to be amortized over 12 years, stating  
32 as follows:

33

- (para 257) “... the STATCOM device is only required because the Eagle Gold facility impacts the system voltage significantly.”

34

- (para 259) “...all assets associated with the [VGC Group] mine are amortized over 12 years, which includes the STATCOM device.”

36

37

1 Even though the STATCOM device is also to be amortized over the mine life<sup>5</sup>, no 2021  
2 depreciation for the STATCOM was included in the original GRA Application due to the  
3 asset not entering service until October 2022. Consistently, the Compliance Filing does  
4 not include 2021 depreciation expense for STATCOM in Tab 7, Schedule 3A.<sup>6</sup>

5  
6 Appendix A to Board Order 2022-03 did not identify any other assets requiring  
7 amortization specifically over the VGC Group mine life. Accordingly, the balance of the  
8 Mayo to McQuesten Transmission Project costs excluding STATCOM device costs are  
9 not depreciated at the 12 year rate because:

- 10
- 11 • Mayo to McQuesten Transmission Project costs excluding STATCOM device costs  
12 are for transmission assets that are not required exclusively for the Eagle Gold  
13 facility. This distinguishes these assets from: (a) the McQuesten Substation  
14 developed only for the VGC Group mine; and (b) the STATCOM device that the  
15 Board has determined is only required due to the Eagle Gold facility.  
16
  - 17 • As reviewed in Appendix A to Board Order 2022-03 (para 251, 252), these  
18 transmission assets replace end of life assets originally constructed in 1951 and  
19 have an expected life of over 60 years [subdivided into Poles & Fixtures with 65  
20 years life, Brushing with 60 years life, and Survey Cost with 60 years life]. These  
21 transmission assets provide service to customers other than the VGC Group mine,  
22 including Alexco Resources, Keno City and other current and future customers in  
23 this region  
24
  - 25 • The PPA for the VGC Group mine as approved by the Board and all past planning  
26 related to this transmission project assumed that these transmission assets would  
27 be depreciated over their expected life, with major industrial customers that utilized  
28 these facilities being allocated 85% of related annual fixed charges while receiving  
29 service from YEC. This approach is consistent with past practice related to other

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<sup>5</sup> The assets placed in service in 2019 are depreciated over 12 years and assets placed in service in 2021 are depreciated over 10 years, in both cases targeting 2031 as the VGC Group mine life. Therefore, STATCOM costs to be amortized over 10 years.

<sup>6</sup> The Fixed Charge calculations in Table 1.1-4a in the Compliance Filing recognize that costs for the STATCOM device brought into service in late October 2021 are to be amortized over the VGC Group mine life and include depreciation for November- December of 2021. These fixed costs then were added as revenues at existing rates [i.e., reduce the revenue shortfall for 2021 test year] and included in Fixed Charge true-up rate determination.

1 YEC transmission assets where the assets supplied multiple customers and 85%  
2 of asset fixed costs were allocated to the major industrial customers serviced by  
3 the assets, e.g., WAF transmission cost amortization concurrent with 85% annual  
4 fixed costs charged to Faro mine while receiving service from YEC.

5

6 YEC did identify additional assets constructed exclusively for Victoria Gold that require  
7 adjustment to the 12 year life directed by the Board; see Revised Compliance Filing at the  
8 end of this IR.

9

10 **(g)**

11

12 The Compliance Filing revised tables to be filed concurrent with this IR responses restates  
13 Compliance Filing Tab 7, Schedule 3A as requested to deal with the assets depreciated  
14 over mine life. The use of actual costs and depreciation results in changes to depreciation  
15 expense forecast for 2021, and all schedules and exhibits have been updated as required  
16 to reflect these changes.

17

18 **Revised Compliance Filing**

19 To summarize, the revised Tab 7, Schedule 3A of the revised Compliance Filing shows  
20 the following:

21

22 • A separate account identified as “Substation VGC – Gold Mine” with \$10.688  
23 million cost for McQuesten Substation costs funded by VGC Group. Depreciation  
24 expense based on 12 year life is included in the 2021 revenue requirement. The  
25 revised Compliance Filing has no change in depreciation expense for this asset  
26 class.

27

28 • A separate account identified as “STATCOM - VGC Group - Gold Mine” with a  
29 forecast cost of \$13.5 million.<sup>7</sup> Depreciation expense based on 10 year life – no  
30 depreciation expense is included in the 2021 revenue requirement. The revised  
31 Compliance Filing has no change in depreciation expense for this asset class.

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<sup>7</sup> The forecast cost of \$13.5 million is based on actual and forecast costs as provided in response to YUB-YEC-2-17, Table 1 with total cost of \$13.224 million before contributions plus \$0.276 million First Nation benefits [breakdown of \$0.606 million First Nation benefits cost between STATCOM and transmission line]. The contributions and related amortizations are recorded separately [Tab 7, Schedule 1 lines 17-23].

- A separate account identified as “Other - VGC Group - Gold Mine” with a cost of \$0.848 million that addresses other YEC system improvement asset costs funded by VGC Group as required by YEC’s Power Purchase Agreement (PPA) with VGC Group. Depreciation expense based on 12 year life is included in the 2021 revenue requirement. The revised Compliance Filing has increased depreciation expense for this asset class to reflect the adjustment to the 12 year life.

The new sub-asset class “Other - VGC Group - Gold Mine” under the Main Transmission Facilities asset class addresses other YEC system improvement asset costs funded by VGC Group and constructed for the purpose of serving the VGC Group mine (as described in Schedule C to the VGC Group PPA). This new account includes the \$0.848 million cost and, in the revised Compliance Filing, a 12-year depreciation rate has been adopted as directed in Appendix A to Board Order 2022-03 (para 196).

Appendix A to Board Order 2022-03 also directed (para 195 and 196) that for any difference between the depreciation rate associated with the use of a service life of 54 years since the year 2019, YEC is to update its amortization of reserve differences mechanism to effect a true-up of this amount in the Compliance Filing. The April 2022 Compliance Filing included Table 1.1-3 (b) that calculated the annual depreciation true-ups for “Substation VGC – Gold Mine” at \$0.114 million/year. The revised table below now also includes the annual depreciation true-ups for “Other - VGC Group - Gold Mine” at \$0.091 million/year.

**Table 1.1 -3b. Depreciation True-up Calculation for assets that are amortized over 12 years [§195 and §196]**

in \$000

Total Cost	2019-2020 Depreciation [Assets 54 Years; Contributions 12 Years]	2019-2020 Depreciation [Assets and Contributions 12 Years]	2019-2020 Depreciation Variance	Remaining Life	Depreciation Variance Annual True-up	
A	B	C	D=C-B	E	F=D/E	
<b>Substation VGC Group - Gold Mine</b>						
Capital Assets [net of \$930,563 YEC cost]	10,688.6	326.5	1,469.1	1,142.6	10.0	114.3
Contributions	10,688.6	1,469.1	1,469.1	0.0	10.0	0.0
Net Cost	0.0	-1,142.6	0.0	1,142.6		114.3
<b>Other - VGC Group - Gold Mine</b>						
Capital Assets	848.0	25.9	116.6	90.7	10.0	9.1
Contributions	848.0	116.6	116.6	0.0	10.0	0.0
Net Cost	0.0	-90.7	0.0	90.7		9.1

- 1 These updates are reflected in the Compliance Filing revised tables to be filed concurrent
- 2 to this IR responses.

1 **ISSUE:** Mayo to McQuesten Transmission Line Upgrade project

2

3 **REFERENCE:** Appendix A to Board Order 2022-03, PDF page 56, paragraph 258;  
4 Compliance Filing Application, Table 1.1-3, PDF pages 12-13;  
5 Compliance Filing Application Section 2.6.1.3, PDF page 33; and  
6 YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page  
7 144

8

9 **QUOTE:** Appendix A to Board Order 2022-03, PDF page 56, paragraph 258:  
10 “The Board is prepared to accept the \$8.628 million actual and forecast  
11 costs for the Mayo to McQuesten Transmission Project as just and  
12 reasonable and directs YEC to include the actual capital spending  
13 amounts for this project in the 2021 rate base. Additionally, the Board  
14 accepts the \$0.931 million after-contribution amount for the McQuesten  
15 Substation Project as reasonable and directs YEC to add this amount  
16 to the 2021 rate base.”

17

18 **Compliance Filing Application, Section 2.6.1.3, PDF page 33:**  
19 “This was included in rate base as directed – see Table 1.1-3 which  
20 shows the adjustment to rate base for the project, and Table 1.1-3b  
21 which shows the VG Substation Depreciation True-Up Calculation.”

22

23 **PREAMBLE:** In Table 1.1-3, the adjustment values provided for the Mayo to  
24 McQuesten Transmission Line Upgrade project were the variance  
25 values for this project before contributions (see PDF page 144 of the  
26 YEC Round 2 consolidated IR responses).

27

28 **QUESTIONS:**

29

30 a) Please explain why YEC included the adjustment amounts before contributions in  
31 Table 1.1-3 for this project.

32

33 b) Please confirm that YEC is adding project costs of \$8.628 million, which is the  
34 amount after contributions, to the rate base.

35

36 **ANSWER:**

37

1 **(a) and (b)**

2

3 The structure of Table 1.1-3 follows the same approach as the determination of rate base  
 4 in Tab 7, Schedule 1 whereby the schedule determines Gross Rate Base first (cost less  
 5 accumulated depreciation) and then deducts contributions (mid year) to determine Net  
 6 Rate Base. So the table as presented includes the cost updates as identified in YUB-YEC-  
 7 2-17 as well as the related contribution impacts (last section of Table 1.1-3). YEC confirms  
 8 that the cost for the Mayo to McQuesten Transmission Project included in rate base in the  
 9 Compliance Filing is \$8.628 million net of contributions. This is reflected in Table 1.1-3, as  
 10 reviewed below.

11

12 The format of the Table 1.1-3 follows the format of Schedule 1 of Tab 7 where the spending  
 13 for capital projects is shown before the contributions [line 2 of Schedule 1 of Tab 7] and  
 14 contributions are subsequently shown as a separate line [lines 17-23 of Schedule 1 of Tab  
 15 7]. Accordingly, Table 1.1-3 shows adjustments to capital spending [under “Property, Plant  
 16 and Equipment”] separately from adjustments to contributions [under “Net Mid-year  
 17 Contributions” at the end of the table]. Please see the table below that shows total project  
 18 cost in the Application and Compliance Filing. Each of the 2021 GRA Compliance Filing  
 19 Adjustments in the table below is shown in Table 1.1-3 for the “Mayo to McQuesten  
 20 Transmission Line Upgrade”.

21

	2019	2020	2021	Total Cost
<b>Per 2021 GRA Application</b>				
Capital Spending	501	20,000	11,200	31,701
Contributions	274	15,000	8,400	23,674
Total after contributions	<b>227</b>	<b>5,000</b>	<b>2,800</b>	<b>8,027</b>
<b>Per 2021 GRA Compliance Filing</b>				
Capital Spending	501	16,986	12,132	29,619
Contributions	274	12,105	8,611	20,991
Total after contributions	227	4,881	3,521	8,628
<b>2021 GRA Compliance Filing Adjustments</b>				
Capital Spending	0	-3,014	932	-2,082
Contributions	-0	-2,895	211	-2,683
Total after contributions	0	-119	721	601

22

1 **ISSUE:** Wareham Gate Refurbishment project

2

3 **REFERENCE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289;  
4 Compliance Filing Application, Table 1.1-3, PDF page 33;  
5 Compliance Filing Application Section 2.6.2, PDF page 36; and  
6 YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page  
7 161

8

9 **QUOTE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289:  
10 “The Board directs that YEC include the updated costs, excluding the  
11 WH4 Ventilation Project, for any projects that have been completed  
12 prior to or during the 2021 test year period. Costs for these projects will  
13 only be added to rate base once YEC provides the actual capital  
14 spending amount in the next GRA and demonstrates that the costs  
15 were prudently incurred.”

16

17 **Compliance Filing Application, Section 2.6.2, PDF page 36:**  
18 “These costs were included in ratebase as directed – see Table 1.1-3  
19 which shows the adjustment to rate base for the WH4 Ventilation  
20 Project for both the revised costs and for retaining in WIP.”

21

22 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
23 **161:**

24 “This project was deferred in 2020 due to the high water conditions in  
25 Mayo Lake. Additional work requirements are also identified in the 2020  
26 Dam Safety review after the GRA submission. This project is now  
27 expected to be completed in 2022; with one gate being refurbished at  
28 this time and the remaining in 2022. The expenditures to date will be  
29 closed in 2021.”

30

31 **QUESTION:**

32

33 a) Please confirm this project has not been added to rate base, given it is expected  
34 for completion in 2022. If YEC has added this project to rate base, please explain  
35 the reasons for this addition.

36

37 **ANSWER:**

1 (a)

2

3 To be clear, the project scope includes the refurbishment of two gates that constitute the  
4 water control mechanism at Wareham Lake. YEC incurred expenditures of \$0.146 million  
5 during 2021 to complete one gate refurbishment. As the total cost of this refurbishment  
6 has been incurred and the asset is fully in-service, these costs have been added to the  
7 2021 rate base. Table 1.1-3 shows the \$0.104 million reduction from the 2021 GRA  
8 Application for this project. Details are reviewed below.

9

10 The Wareham Gate Refurbishment project was referenced in Appendix A to Board Order  
11 2022-03 [paragraph 285] where the Board notes the project cost update from \$250,000 in  
12 the Application to \$146,300 in the responses to the IRs [YUB-YEC-2-16 and YUB-YEC-2-  
13 17].

14

15 In response to YUB-YEC-2-17, YEC noted that “this project is now expected to be  
16 completed in 2022; with one gate being refurbished at this time and the remaining in 2022.  
17 The expenditures to date will be closed in 2021.” The expenditures to date referenced in  
18 the IR response were \$0.146 million.

19

20 In paragraph 289 in Appendix A to Board Order 2022-03, the Board notes that “not all  
21 projects for this category were explicitly mentioned in the preceding paragraphs. If a  
22 project was not specifically addressed, it was because the Board considered that YEC’s  
23 costs associated with the project are reasonable.”

24

25 In paragraph 289 in Appendix A to Board Order 2022-03, the Board directs that YEC  
26 include the updated costs for any projects that have been completed prior to or during the  
27 2021 test year period.

28

29 Accordingly, in the Compliance Filing the Wareham Gate Refurbishment project work  
30 completed to date was added to ratebase with total cost at \$0.146 million as referenced  
31 in paragraph 285 in Appendix A to Board Order 2022-03.

1 **ISSUE:**           **Protection and Control Program project**

2

3 **REFERENCE:**   **Appendix A to Board Order 2022-03, PDF page 64, paragraph 289;**  
4 **Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.2, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
7 **162**

8

9 **QUOTE:**           **Appendix A to Board Order 2022-03, PDF page 64, paragraph 289:**  
10 “The Board directs that YEC include the updated costs, excluding the  
11 WH4 Ventilation Project, for any projects that have been completed  
12 prior to or during the 2021 test year period. Costs for these projects will  
13 only be added to rate base once YEC provides the actual capital  
14 spending amount in the next GRA and demonstrates that the costs  
15 were prudently incurred.”

16

17 **Compliance Filing Application, Section 2.6.2, PDF page 36:**  
18 “These costs were included in ratebase as directed – see Table 1.1-3  
19 which shows the adjustment to rate base for the WH4 Ventilation  
20 Project for both the revised costs and for retaining in WIP.”

21

22 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
23 **162:**  
24 “The scope for the 2021 cost was refined due to overall volume of  
25 capital projects.”

26

27 **QUESTION:**

28

29       a) Please explain whether or not this project was completed in 2021 and indicate  
30       whether costs for the project were added to rate base.

31

32 **ANSWER:**

33

34 **(a)**

35

1 The project was completed in 2021 and the updated cost of \$125,000 was added to rate  
2 base. Table 1.1-3 shows the \$175,000 reduction from the 2021 GRA Application. Details  
3 are reviewed below.

4  
5 The Protection and Control Program project was referenced in Appendix A to Board Order  
6 2022-03 [paragraph 285] where the Board notes the project cost update from \$300,000 in  
7 the Application to \$125,000 in the responses to the IRs [YUB-YEC-2-16 and YUB-YEC-2-  
8 17].

9  
10 In response to YUB-YEC-2-17, YEC noted that the scope for the 2021 cost was refined  
11 due to overall volume of capital projects and updated cost was at \$0.125 million.

12  
13 In paragraph 289 in Appendix A to Board Order 2022-03, the Board directs that YEC  
14 include the updated costs for any projects that have been completed prior to or during the  
15 2021 test year period.

16  
17 Accordingly, the Protection and Control Program project was added to ratebase with total  
18 cost at \$0.125 million as referenced in paragraph 285 in Appendix A to Board Order 2022-  
19 03.

1 **TOPIC:** Transmission Line Access project

2

3 **REFERENCE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289;  
4 Compliance Filing Application, Table 1.1-3, PDF page 33;  
5 Compliance Filing Application, Section 2.6.2, PDF page 36; and  
6 YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page  
7 162

8

9 **QUOTE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289:  
10 “The Board directs that YEC include the updated costs, excluding the  
11 WH4 Ventilation Project, for any projects that have been completed  
12 prior to or during the 2021 test year period. Costs for these projects will  
13 only be added to rate base once YEC provides the actual capital  
14 spending amount in the next GRA and demonstrates that the costs  
15 were prudently incurred.”

16

17 **Compliance Filing Application, Section 2.6.2, PDF page 36:**  
18 “These costs were included in ratebase as directed – see Table 1.1-3  
19 which shows the adjustment to rate base for the WH4 Ventilation  
20 Project for both the revised costs and for retaining in WIP.”

21

22 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
23 **162:**  
24 “Scope for 2020 was revised as no accesses were required to be  
25 constructed.”

26

27 **QUESTION:**

28

29 a) Please explain whether or not this project was completed prior to or in 2021 and  
30 indicate whether costs for the project were added to rate base.

31

32 **ANSWER:**

33

34 **(a)**

35

36 The project was completed prior to 2021 and updated costs of \$0.542 million were added  
37 to rate base (2018 costs \$0.215 million plus 2019 costs \$0.324 million plus 2020 costs

1 \$0.003 million). Table 1.1-3 in the Compliance Filings shows the \$0.297 million reduction  
2 in cost from the 2021 GRA Application. Details are provided below.

3  
4 The Transmission Line Access project was referenced in Appendix A to Board Order  
5 2022-03 [paragraph 285] where the Board notes the project cost update from \$839,300 in  
6 the Application to \$541,900 in the responses to the IRs [YUB-YEC-2-16 and YUB-YEC-2-  
7 17].

8  
9 In response to YUB-YEC-2-17, YEC noted that the scope for 2020 was revised as no  
10 accesses were required to be constructed during that year; The updated cost was \$0.542  
11 million, a combination of completed works from 2018 and 2019 as described above.

12  
13 In paragraph 289 in Appendix A to Board Order 2022-03, the Board directs that YEC  
14 include the updated costs for any projects that have been completed prior to or during the  
15 2021 test year period.

16  
17 Accordingly, the Transmission Line Access project was added to ratebase with total cost  
18 at \$0.542 million as referenced in paragraph 285 in Appendix A to Board Order 2022-03.

1 **TOPIC:** New Mobile Office Unit project

2

3 **REFERENCE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289;  
4 Compliance Filing Application, Table 1.1-3, PDF page 33;  
5 Compliance Filing Application, Section 2.6.2, PDF page 36; and  
6 YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF  
7 pages 162-163

8

9 **QUOTE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289:  
10 “The Board directs that YEC include the updated costs, excluding the  
11 WH4 Ventilation Project, for any projects that have been completed  
12 prior to or during the 2021 test year period. Costs for these projects will  
13 only be added to rate base once YEC provides the actual capital  
14 spending amount in the next GRA and demonstrates that the costs  
15 were prudently incurred.”

16

17 **Compliance Filing Application, Section 2.6.2, PDF page 36:**  
18 “These costs were included in ratebase as directed – see Table 1.1-3  
19 which shows the adjustment to rate base for the WH4 Ventilation  
20 Project for both the revised costs and for retaining in WIP.”

21

22 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
23 **163:**

24 “The quotes received for the project were too high compared to what  
25 YEC had anticipated. Therefore, the project was deferred.”

26

27 **QUESTION:**

28

29 a) Please confirm this project has not been added to rate base, given it has been  
30 deferred. If YEC has added this project to rate base, please explain the reasons  
31 for this addition.

32

33 **ANSWER:**

34

35 **(a)**

36

- 1 Confirmed. The project was removed from the ratebase in the Compliance Filing as
- 2 illustrated in Table 1.1-3 of the Compliance Filing [the project cost in the Original
- 3 Application was at \$0.230 million which was removed from the capital spending in Table
- 4 1.1-3 of the Compliance Filing].

1 **ISSUE:**           **Water Improvement Upgrades project**

2

3 **REFERENCE:**   **Appendix A to Board Order 2022-03, PDF page 64, paragraph 289;**  
4 **Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.2, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
7 **163**

8

9 **QUOTE:**           **Appendix A to Board Order 2022-03, PDF page 64, paragraph 289:**  
10 “The Board directs that YEC include the updated costs, excluding the  
11 WH4 Ventilation Project, for any projects that have been completed  
12 prior to or during the 2021 test year period. Costs for these projects will  
13 only be added to rate base once YEC provides the actual capital  
14 spending amount in the next GRA and demonstrates that the costs  
15 were prudently incurred.”

16

17 **Compliance Filing Application, Section 2.6.2, PDF page 36:**  
18 “These costs were included in ratebase as directed – see Table 1.1-3  
19 which shows the adjustment to rate base for the WH4 Ventilation  
20 Project for both the revised costs and for retaining in WIP.”

21

22 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
23 **163:**

24 “The scope of work changed after two unsuccessful RFP's. Installation  
25 of Grunfoss pumps with variable speed drives and sensors along with  
26 PEX pipe replacement assisted with ongoing continued water leaks in  
27 existing piping. Only cost in 2021 was missing pressure sensor which  
28 could not be sourced in 2020.”

29

30 **QUESTION:**

31

32       a) Please explain whether or not this project was completed prior to or in 2021 and  
33       indicate whether costs for the project were added to rate base.

34

35 **ANSWER:**

36

37 **(a)**

1 The project was completed before the end of 2021 and the updated cost of \$0.063 million  
2 was added to rate base. Table 1.1-3 in the Compliance Filing shows the reduction in costs  
3 of \$0.087 million from the 2021 GRA Application (adjustments shown separately for 2020  
4 and 2021). Details are provided below.

5  
6 The Water Improvement Upgrades project was referenced in Appendix A to Board Order  
7 2022-03 [paragraph 285] where the Board notes the project cost update from \$150,000 in  
8 the Application to \$63,000 in the responses to the IRs [YUB-YEC-2-16 and YUB-YEC-2-  
9 17].

10  
11 In response to YUB-YEC-2-17, YEC noted that the scope of work was revised after two  
12 unsuccessful RFP's. The new scope included installation of Grunfoss pumps with variable  
13 speed drives and sensors along with PEX pipe replacement which resolved ongoing water  
14 leaks in existing piping. The capital cost for the project in 2020 was at \$0.056 million and  
15 in 2021 at \$0.007 million to total updated cost at \$0.063 million.

16  
17 In paragraph 289 in Appendix A to Board Order 2022-03, the Board directs that YEC  
18 include the updated costs for any projects that have been completed prior to or during the  
19 2021 test year period.

20  
21 Accordingly, the Water Improvement Upgrades project was added to ratebase with total  
22 cost at \$0.063 million as referenced in paragraph 285 in Appendix A to Board Order 2022-  
23 03.

1 **ISSUE:** FD7 Overhaul project

2

3 **REFERENCE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289  
4 Compliance Filing Application, Table 1.1-3, PDF page 33;  
5 Compliance Filing Application, Section 2.6.2, PDF page 36; and  
6 YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page  
7 163

8

9 **QUOTE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289:  
10 “The Board directs that YEC include the updated costs, excluding the  
11 WH4 Ventilation Project, for any projects that have been completed  
12 prior to or during the 2021 test year period. Costs for these projects will  
13 only be added to rate base once YEC provides the actual capital  
14 spending amount in the next GRA and demonstrates that the costs  
15 were prudently incurred.”

16

17 **Compliance Filing Application, Section 2.6.2, PDF page 36:**  
18 “These costs were included in ratebase as directed – see Table 1.1-3  
19 which shows the adjustment to rate base for the WH4 Ventilation  
20 Project for both the revised costs and for retaining in WIP.”

21

22 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
23 **163:**  
24 “Deferred to 2022 resulting from capital budget prioritization/constraints  
25 (overall volume of capital projects).”

26

27 **QUESTION:**

28

29 a) Please confirm this project has not been added to rate base, given it has been  
30 deferred to 2022. If YEC has added this project to rate base, please explain the  
31 reasons for this addition.

32

33 **ANSWER:**

34

35 **(a)**

36

- 1 Confirmed. The project was removed from the ratebase in the Compliance Filing as
- 2 illustrated in Table 1.1-3 of the Compliance Filing [the project cost in the Original
- 3 Application was at \$0.580 million which was removed from the capital spending in Table
- 4 1.1-3 of the Compliance Filing].

1 **ISSUE:** Compact Digger Truck project

2

3 **REFERENCE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289;  
4 Compliance Filing Application, Table 1.1-3, PDF page 33;  
5 Compliance Filing Application, Section 2.6.2, PDF page 36; and  
6 YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page  
7 164

8

9 **QUOTE:** Appendix A to Board Order 2022-03, PDF page 64, paragraph 289:  
10 “The Board directs that YEC include the updated costs, excluding the  
11 WH4 Ventilation Project, for any projects that have been completed  
12 prior to or during the 2021 test year period. Costs for these projects will  
13 only be added to rate base once YEC provides the actual capital  
14 spending amount in the next GRA and demonstrates that the costs  
15 were prudently incurred.”

16

17 **Compliance Filing Application, Section 2.6.2, PDF page 36:**  
18 “These costs were included in ratebase as directed – see Table 1.1-3  
19 which shows the adjustment to rate base for the WH4 Ventilation  
20 Project for both the revised costs and for retaining in WIP.”

21

22 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
23 **164:**

24 “The track will not arrive in 2021 and postponed to later years.”

25

26 **QUESTION:**

27

28 a) Please confirm this project has not been added to rate base, given it has been  
29 postponed. If YEC has added this project to rate base, please explain the reasons  
30 for this addition.

31

32 **ANSWER:**

33

34 **(a)**

35

36 Confirmed. The project was removed from the ratebase in the Compliance Filing as  
37 illustrated in Table 1.1-3 of the Compliance Filing [the project cost in the Original

- 1 Application was at \$0.185 million which was removed from the capital spending in Table
- 2 1.1-3 of the Compliance Filing].

1 **ISSUE: Transmission Access Road Program Study**

2

3 **REFERENCE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
4 **323; Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.4, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF**  
7 **pages 155-156**

8

9 **QUOTE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
10 **323:**

11 “For all other costs in this category, the Board has reviewed the  
12 business cases and costs for projects in this category and finds the  
13 actual capital spending for these projects prudent. The Board notes that  
14 not all projects for this category were explicitly mentioned in the  
15 preceding paragraphs. If a project is not specifically addressed, it is  
16 because the Board considered that YEC’s costs associated with the  
17 project are reasonable. To ensure that actual capital spending to the  
18 end of 2021 is accurately reflected in rate base, the Board directs YEC  
19 include the updated costs for any projects that have been completed  
20 prior to or during the 2021 test year period. Costs for these projects will  
21 only be added to rate base once YEC provides the actual capital  
22 spending amount in the next GRA.”

23

24 **Compliance Filing Application, Section 2.6.4, PDF page 36:**

25 “These costs were included in ratebase as directed – see Table 1.1-3  
26 which shows the adjustments to costs for the Atlin Hydro EPA  
27 Preparation Project and that it is being retained in WIP for 2021.”

28

29 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF**  
30 **pages 155-156:**

31 “The project proposed in the GRA had three phases ... Phase 1  
32 activities were completed by Tetra Tech in 2020 at a total cost of  
33 \$87,526. Phase 2 and Phase 3 activities planned for 2021 have been  
34 deferred to 2022.”

35

36 **QUESTION:**

37

1 a) Please confirm this project has not been added to rate base, given it has been  
2 deferred. If YEC has added this project to rate base, please explain the reasons  
3 for this addition.

4

5 **ANSWER:**

6

7 **(a)**

8

9 The costs of \$87,526 for the completed Phase 1 desktop GIS study were added to rate  
10 base. As shown in Table 1.1-3 of the Compliance Filing, costs were reduced by \$245,261  
11 from the 2021 GRA Application. Details are provided below.

12

13 The Transmission Access Road Program Study project was referenced in Appendix A to  
14 Board Order 2022-03 [paragraph 316] where the Board notes the project cost update from  
15 \$332,787 in the Application to \$87,526 in the responses to the IRs [YUB-YEC-2-16 and  
16 YUB-YEC-2-17].

17

18 In response to YUB-YEC-2-17, YEC noted that the project proposed in the GRA had three  
19 phases:

20

- 21 • Phase 1 desktop GIS study;
- 22 • The Phase 2 activities will focus on field work to confirm the findings of the desktop  
23 study undertaken in Phase 1; and
- 24 • Phase 3 includes final reporting to tie the results of desktop GIS study and  
25 subsequent field work together.

26

27 In the response YEC also noted that Phase 1 activities were completed by Tetra Tech in  
28 2020 at a total cost of \$87,526, while Phase 2 and Phase 3 activities planned for 2021  
29 have been deferred to 2022.

30

31 Accordingly, the Transmission Access Road Program Study project actual cost for 2020  
32 at \$87,526 was added to rate base as referenced in paragraph 316 in Appendix A to Board  
33 Order 2022-03.

1 **ISSUE: IPP Standing Offer Program Implementation**

2

3 **REFERENCE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
4 **323; Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.4, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
7 **156**

8

9 **QUOTE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
10 **323:**

11 “For all other costs in this category, the Board has reviewed the  
12 business cases and costs for projects in this category and finds the  
13 actual capital spending for these projects prudent. The Board notes that  
14 not all projects for this category were explicitly mentioned in the  
15 preceding paragraphs. If a project is not specifically addressed, it is  
16 because the Board considered that YEC’s costs associated with the  
17 project are reasonable. To ensure that actual capital spending to the  
18 end of 2021 is accurately reflected in rate base, the Board directs YEC  
19 include the updated costs for any projects that have been completed  
20 prior to or during the 2021 test year period. Costs for these projects will  
21 only be added to rate base once YEC provides the actual capital  
22 spending amount in the next GRA.”

23

24 **Compliance Filing Application, Section 2.6.4, PDF page 36:**

25 “These costs were included in ratebase as directed – see Table 1.1-3  
26 which shows the adjustments to costs for the Atlin Hydro EPA  
27 Preparation Project and that it is being retained in WIP for 2021.”

28

29 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
30 **156:**

31 “The full scope of the legal work required by both YEC and AEY to  
32 develop the Program Rules, the EPA template and all of the other  
33 supporting documentation was not known at the time of preparing the  
34 budget.

35

36 The increased costs came from the legal costs working with AEY’s legal  
37 team (the first line item in the table) and YEC’s legal costs. The

1 objective was to jointly develop the Standing Offer Program which was  
2 very technical in nature and required significant discussion and  
3 alignment to adapt the BC Hydro model to the Yukon.”  
4

5 **QUESTION:**  
6

- 7 a) Please explain whether or not this project was completed prior to or in 2021 and  
8 indicate whether costs for the project were added to rate base.  
9

10 **ANSWER:**  
11

12 **(a)**  
13

14 The project was completed before the end of 2021 and updated costs of \$330,057 were  
15 added to rate base. As shown in Table 1.1-3 of the Compliance Filing, costs were  
16 increased by \$98,018 from the 2021 GRA Application. Details are provided below.  
17

18 The IPP Standing Offer Program Implementation project was referenced in Appendix A to  
19 Board Order 2022-03 [paragraph 316] where the Board notes the project cost update from  
20 \$232,039 in the Application to \$330,057 in the responses to the IRs [YUB-YEC-2-16 and  
21 YUB-YEC-2-17].  
22

23 In response to YUB-YEC-2-17, YEC noted that the updated cost was at \$0.330 million  
24 and provided explanations to the cost change as referenced in the preamble of this IR.  
25

26 In paragraph 323 in Appendix A to Board Order 2022-03, the Board notes that:  
27

28 For all other costs in this category, the Board has reviewed the business cases  
29 and costs for projects in this category and finds the actual capital spending for  
30 these projects prudent. The Board notes that not all projects for this category were  
31 explicitly mentioned in the preceding paragraphs. If a project is not specifically  
32 addressed, it is because the Board considered that YEC's costs associated with  
33 the project are reasonable. To ensure that actual capital spending to the end of  
34 2021 is accurately reflected in rate base, the Board directs YEC include the  
35 updated costs for any projects that have been completed prior to or during the  
36 2021 test year period.  
37

- 1 Accordingly, the IPP Standing Offer Program Implementation project was added to rate
- 2 base with total cost at \$0.330 million as referenced in paragraph 316 in Appendix A to
- 3 Board Order 2022-03.

1 **ISSUE: 10-Year Renewable Electricity Plan**

2

3 **REFERENCE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
4 **323; Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.4, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF**  
7 **pages 164**

8

9 **QUOTE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
10 **323:**

11 “For all other costs in this category, the Board has reviewed the  
12 business cases and costs for projects in this category and finds the  
13 actual capital spending for these projects prudent. The Board notes that  
14 not all projects for this category were explicitly mentioned in the  
15 preceding paragraphs. If a project is not specifically addressed, it is  
16 because the Board considered that YEC’s costs associated with the  
17 project are reasonable. To ensure that actual capital spending to the  
18 end of 2021 is accurately reflected in rate base, the Board directs YEC  
19 include the updated costs for any projects that have been completed  
20 prior to or during the 2021 test year period. Costs for these projects will  
21 only be added to rate base once YEC provides the actual capital  
22 spending amount in the next GRA.”

23

24 **Compliance Filing Application, Section 2.6.4, PDF page 36:**

25 “These costs were included in ratebase as directed – see Table 1.1-3  
26 which shows the adjustments to costs for the Atlin Hydro EPA  
27 Preparation Project and that it is being retained in WIP for 2021.”

28

29 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
30 **164:**

31 “The variance for 2020 was driven by savings in travel/internal labour  
32 for meetings held virtually instead of in-person due to COVID-19  
33 restrictions, and savings in the actual costs required to finalize the  
34 technical report compared to the estimate.”

35

36 **PREAMBLE: Table 1.1-3 does not appear to show the adjustments associated**  
37 **with the 10-Year Renewable Electricity Plan.’**

1 **QUESTION:**

- 2
- 3 a) Please explain why cost updates for the 10-Year Renewable Electricity Plan were  
 4 not included in Table 1.1-3.
- 5
- 6 b) Please explain whether or not this project was completed prior to or in 2021 and  
 7 indicate whether costs for the project were added to rate base.

8

9 **ANSWER:**

10

11 **(a) and (b)**

12

13 The 10-Year Renewable Electricity Plan project is included in Table 1.1-3. This project is  
 14 in the regulatory deferral account and updated cost of \$0.634 million is reflected under  
 15 Rate Case balances. Due to the format of Table 1.1-3 [which follows the format of Tab 7  
 16 schedules], the Rate Case [“other regulatory projects” only] shows 2021 balances only  
 17 without listing adjustments to projects closed in prior years. The project cost update was  
 18 therefore not listed in Table 1.1-3 as it was closed in 2020 as shown in the table below.

19

20 The 10-Year Renewable Electricity Plan project was referenced in Appendix A to Board  
 21 Order 2022-03 [paragraph 316] where the Board notes the project cost update from  
 22 \$0.713 million in the Application to \$0.634 million in the responses to the IRs [YUB-YEC-  
 23 2-16 and YUB-YEC-2-17].

24

25 The project was completed in 2020 and updated costs of \$0.634 million were added to  
 26 rate base. The table below shows the updated cost included in the Compliance Filing  
 27 [\$000].

28

	2019	2020	2021	Total
Updated Cost	\$310.80	\$323.10	\$0.00	\$634.00
2021 GRA Forecast	\$310.80	\$402.10	\$0.00	\$713.00
Variance	\$0.00	-\$79.00	\$0.00	-\$79.00

29

30

31 The following table confirms that the project cost is reflected in the 2021 Compliance Filing  
 32 rate base. The total 2021 year-end balance for Rate Case in Tab 7, Schedule 3 line 68 of  
 33 the revised Compliance Filing tables is \$2.119 million that reflect the projects listed below,  
 34 including the 10-Year Renewable Electricity Plan project with net book value at \$0.507

1 million. The total 2021 year-end balance of \$2.119 million includes \$1.466 million cost for  
 2 projects that remain in WIP which are removed from rate base as part of deferred costs in  
 3 progress in line 61 of Tab 7, Schedule 3 of the revised Compliance Filing.  
 4

\$000	Closed Date	Cost	Accumulated Amortization	Net Book Value
YUB 2007-8 - Part 3 Hearing	2009	185.0	52.2	132.8
Asset Appraisal-Replace Cost	2018	46.6	34.2	12.4
10 Year Renewable Electricity Plan	2020	634.0	126.8	507.2
<b>Total Closed Projects</b>				<b>652.4</b>
GRA Costs		949.6		949.6
Atlin Hydro EPA Preparation		516.7		516.7
<b>Total Projects in WIP</b>				<b>1,466.3</b>
<b>Total Rate Case</b>				<b>2,118.7</b>

5  
 6  
 7 In future GRAs YEC will revise the format of Tab 7 schedules to include a complete  
 8 reconciliation of Rate Case changes through the period of examination along with other  
 9 deferred costs.

1 **ISSUE: Dam Safety Review**

2

3 **REFERENCE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
4 **323; Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.4, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF**  
7 **pages 165**

8

9 **QUOTE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
10 **323:**

11 “For all other costs in this category, the Board has reviewed the  
12 business cases and costs for projects in this category and finds the  
13 actual capital spending for these projects prudent. The Board notes that  
14 not all projects for this category were explicitly mentioned in the  
15 preceding paragraphs. If a project is not specifically addressed, it is  
16 because the Board considered that YEC’s costs associated with the  
17 project are reasonable. To ensure that actual capital spending to the  
18 end of 2021 is accurately reflected in rate base, the Board directs YEC  
19 include the updated costs for any projects that have been completed  
20 prior to or during the 2021 test year period. Costs for these projects will  
21 only be added to rate base once YEC provides the actual capital  
22 spending amount in the next GRA.”

23

24 **Compliance Filing Application, Section 2.6.4, PDF page 36:**

25 “These costs were included in ratebase as directed – see Table 1.1-3  
26 which shows the adjustments to costs for the Atlin Hydro EPA  
27 Preparation Project and that it is being retained in WIP for 2021.”

28

29 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
30 **165:**

31 “There is a shift of some work to 2021. The updated forecast is  
32 expected to be lower than the initial forecast as uncertainties in the  
33 initial forecast are firmed up as work progressed.”

34

35 **QUESTION:**

36

1 a) Please explain whether or not this project was completed prior to or in 2021 and  
2 indicate whether costs for the project were added to rate base.

3  
4 **ANSWER:**

5  
6 **(a)**

7  
8 The project was completed before the end of 2021 and updated costs of \$253,600 were  
9 added to rate base. As shown in Table 1.1-3 of the Compliance Filing, costs were reduced  
10 by \$61,400 from the 2021 GRA Application. Details are provided below.

11  
12 The Dam Safety Review project was referenced in Appendix A to Board Order 2022-03  
13 [paragraph 316] where the Board notes the project cost update from \$315,000 in the  
14 Application to \$253,600 in the responses to the IRs [YUB-YEC-2-16 and YUB-YEC-2-17].

15  
16 In response to YUB-YEC-2-17, YEC noted that the updated cost was at \$0.254 million  
17 and provided explanations to the cost change as referenced in the preamble of this IR.

18  
19 In paragraph 323 in Appendix A to Board Order 2022-03, the Board notes that:

20  
21 For all other costs in this category, the Board has reviewed the business cases  
22 and costs for projects in this category and finds the actual capital spending for  
23 these projects prudent. The Board notes that not all projects for this category were  
24 explicitly mentioned in the preceding paragraphs. If a project is not specifically  
25 addressed, it is because the Board considered that YEC's costs associated with  
26 the project are reasonable. To ensure that actual capital spending to the end of  
27 2021 is accurately reflected in rate base, the Board directs YEC include the  
28 updated costs for any projects that have been completed prior to or during the  
29 2021 test year period.

30  
31 Accordingly, the Dam Safety Review project was added to rate base with total cost at  
32 \$0.254 million as referenced in paragraph 316 in Appendix A to Board Order 2022-03.

1 **ISSUE: Building Condition Reports**

2

3 **REFERENCE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
4 **323; Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.4, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
7 **165**

8

9 **QUOTE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
10 **323:**

11 “For all other costs in this category, the Board has reviewed the  
12 business cases and costs for projects in this category and finds the  
13 actual capital spending for these projects prudent. The Board notes that  
14 not all projects for this category were explicitly mentioned in the  
15 preceding paragraphs. If a project is not specifically addressed, it is  
16 because the Board considered that YEC’s costs associated with the  
17 project are reasonable. To ensure that actual capital spending to the  
18 end of 2021 is accurately reflected in rate base, the Board directs YEC  
19 include the updated costs for any projects that have been completed  
20 prior to or during the 2021 test year period. Costs for these projects will  
21 only be added to rate base once YEC provides the actual capital  
22 spending amount in the next GRA.”

23

24 **Compliance Filing Application, Section 2.6.4, PDF page 36:**

25 “These costs were included in ratebase as directed – see Table 1.1-3  
26 which shows the adjustments to costs for the Atlin Hydro EPA  
27 Preparation Project and that it is being retained in WIP for 2021.”

28

29 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
30 **165:**

31 “Deferred to 2022 resulting from capital budget prioritization/constraints  
32 (overall volume of capital projects).”

33

34 **QUESTION:**

35

1 a) Please confirm this project has not been added to rate base, given it has been  
2 deferred. If YEC has added this project to rate base, please explain the reasons  
3 for this addition.

4

5 **ANSWER:**

6

7 **(a)**

8

9 Confirmed. The project Building Condition Reports 2021-2024 was removed from the rate  
10 base in the Compliance Filing as illustrated in Table 1.1-3 of the Compliance Filing [the  
11 project cost in the Original Application was at \$0.175 million which was removed from the  
12 capital spending in Table 1.1-3 of the Compliance Filing].

1 **ISSUE: Whitehorse Diesel Rental Substation Improvements**

2

3 **REFERENCE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
4 **323; Compliance Filing Application, Table 1.1-3, PDF page 33;**  
5 **Compliance Filing Application, Section 2.6.4, PDF page 36; and**  
6 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
7 **165**

8

9 **QUOTE: Appendix A to Board Order 2022-03, PDF pages 73-74, paragraph**  
10 **323:**

11 “For all other costs in this category, the Board has reviewed the  
12 business cases and costs for projects in this category and finds the  
13 actual capital spending for these projects prudent. The Board notes that  
14 not all projects for this category were explicitly mentioned in the  
15 preceding paragraphs. If a project is not specifically addressed, it is  
16 because the Board considered that YEC’s costs associated with the  
17 project are reasonable. To ensure that actual capital spending to the  
18 end of 2021 is accurately reflected in rate base, the Board directs YEC  
19 include the updated costs for any projects that have been completed  
20 prior to or during the 2021 test year period. Costs for these projects will  
21 only be added to rate base once YEC provides the actual capital  
22 spending amount in the next GRA.”

23

24 **Compliance Filing Application, Section 2.6.4, PDF page 36:**

25 “These costs were included in ratebase as directed – see Table 1.1-3  
26 which shows the adjustments to costs for the Atlin Hydro EPA  
27 Preparation Project and that it is being retained in WIP for 2021.”

28

29 **YEC Round 2 consolidated IR Responses, Aug. 24, 2021, PDF page**  
30 **165:**

31 “Deferred to 2022 resulting from capital budget prioritization/constraints  
32 (overall volume of capital projects).”

33

34 **QUESTION:**

35

1 a) Please confirm this project has not been added to rate base, given it has been  
2 deferred. If YEC has added this project to rate base, please explain the reasons  
3 for this addition.

4

5 **ANSWER:**

6

7 **(a)**

8

9 Confirmed. The Whitehorse Diesel Rental Substation Improvements project was removed  
10 from rate base in the Compliance Filing as illustrated in Table 1.1-3 of the Compliance  
11 Filing [the project cost in the Original Application was at \$0.100 million which was removed  
12 from the capital spending in Table 1.1-3 of the Compliance Filing].