

**IN THE MATTER OF YUKON ENERGY
2025-2027 GENERAL RATE
APPLICATION**

**REPLY ARGUMENT
YUKON ENERGY CORPORATION**

November 27, 2025

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1.0 INTRODUCTION

On November 12, 2025, two intervenors, Nathaniel Yee (“**NY**”) and the Utilities Consumers’ Group (“**UCG**”), filed Final Arguments on Yukon Energy Corporation’s (“**Yukon Energy**” or “**YEC**”) 2025-2027 General Rate Application (“**GRA**” or “**Application**”).

In Yukon Energy’s November 12, 2025 Final Argument, Yukon Energy previously commented on four issues that NY questioned its panel on during the hearing. This Reply Argument responds further to certain additional issues raised by NY in his Final Argument, as well as responding to UCG’s Final Argument, to the extent both intervenors raise issues that the Board might potentially consider relevant to its review and approval of Yukon Energy’s revenue requirements in the test years for this GRA. To be clear, however, Yukon Energy’s silence on any specific aspect of either intervenor’s Final Argument should not be interpreted as acceptance of the intervenor’s position.

2.0 REPLY SUBMISSION OF YUKON ENERGY

2.1 REPLY TO NATHANIEL YEE

NY’s Final Argument is concerned primarily with various commentary and recommendations related to planning matters that are outside the scope of this GRA proceeding, that do not affect Yukon Energy’s proposed revenue requirements, and/or that are otherwise beyond the jurisdiction of the Board.

This includes, for example, NY’s various assertions and arguments in paragraphs 1 to 16 and 42 to 48 of his Final Argument about Yukon Energy resource planning, and his associated recommendations:

- At paragraph 8, for the Board to direct Yukon Energy to produce an “audit and a lessons learned document concerning what did or did not work in the last 15 years, and how the planning process can be improved”, with “specifics” to include filing of “an updated Road Map to 2050 showing how the current diesel additions will support renewable projects >2 MW, with annual status reports on these projects with updated in-service dates”;
- At paragraph 16, to require Yukon Energy “to explain in detail why expected load growth, well within long-range forecasts known since 2011 has resulted in the need for last minute diesel expansions”; and
- At paragraph 48, for the Board to direct Yukon Energy “to conduct a clear assessment of why large-scale renewable projects over the past 15 years have failed to advance, and to use those lessons to identify and commit to working on specific new renewable projects within the next one to two years.”

If NY wished to question Yukon Energy on any evidence relating to these planning matters – to whatever extent it might arguably have been relevant to do so for the purpose of challenging the reasonableness of any of the operating expenses or capital costs forecast to be incurred or added to rate base during the test years for this GRA – he had the opportunity to do so both through the IR process, and during his cross-examination of Yukon Energy’s witness panel at the hearing. However, the evidentiary record for this proceeding is now closed. At this stage, these kinds of

recommendations are entirely outside the Board's role in this proceeding, which is centred on the Board's duty to evaluate and determine Yukon Energy's revenue requirements for the test years based on the best available evidence tendered during the proceeding, and to set rates that will be sufficient to enable Yukon Energy to recover those revenue requirements.

It should also be noted that a number of NY's related assertions ignore or misrepresent available evidence on these planning matters, including the following:

- The record and planning documents, which show that the N-1 dependable capacity growth requirements (i.e., MW of dependable capacity needed under N-1 condition at winter peak) have consistently grown at rates far exceeding past expectations (including as recently as the August 2025 updating of these requirements as reported during this proceeding in Yukon Energy's response to YUB-YEC-1-30 (Exhibit 4, PDF pp. 183-185)).
- NY's reference to GWh/yr forecasts, and specifically to the 2011 "Energy Charette" scenarios for such forecasts, has no relevance to the dependable capacity growth challenges that have driven requirements since the 2016 Resource Plan for added rental and/or permanent diesel generation until such time as added dependable capacity renewable (e.g., a pumped storage hydro such as the Moon Lake proposal or the Atlin Hydro expansion project) can be developed.¹
- NY's argument ignores elements of recent planning to augment dependable winter capacity that have been implemented, albeit with delays: namely, the BESS project and the Thermal Replacement project.
- NY's argument also ignores evidence showing that the Whitehorse Power Centres Project ("WPCP") reflects lessons learned assessments as to regulatory planning and development to accommodate and adapt effectively to growing dependable capacity needs as well as to Yukon grid reliability and stability requirements. The WPCP is a long-term project that plans to address dependable capacity requirements in a way that can accommodate and support (rather than displace) further renewable energy resource development.²
- NY's argument also ignores the evidence Yukon Energy provided in response to NY-YEC-1-5 (Exhibit 4, PDF p. 10) about both:
 - the focus of Yukon Energy's Short-Term Action Plan on building a reliable and robust grid to meet growing demands for power, provide the foundation for grid

¹ NY's argument at the outset quotes an article by Keith Halliday comparing the percentage of electricity demand met by renewable generation in January 2008 (95%) versus January 2025 (56%), and suggesting that this decline is related to a lack of renewable growth. However, the 2025 disruption at the Aishihik Generating Station, as well as the 2025 lower than normal water availability, are both completely ignored in this comparison. Without a lot more information, this type of comparison has no meaning or usefulness.

² NY's argument (at paragraph 26) asserts that if the Whitehorse power centres are completed "there will be little to no financial incentive to then replace them with renewables, and environmental and long-term cost concerns will be pushed aside." Amongst other things, this assertion ignores the fact that the decade-long WPCP, with its three phases, will offer ample opportunity to defer, delay or not proceed with the addition of approved new thermal capacity in the event that adequate dependable renewable generation is committed. One of the lessons learned to date is the need to plan and provide for required dependable non-rental thermal capacity until adequate renewable options can be committed.

- modernization technologies to support evolving customer needs, and safely integrate more renewables onto the system; and
- the work expected under territory-wide energy planning efforts led by Yukon Development Corporation (“YDC”), including a future Call for Power to develop distributed renewable energy resources across the territory.
 - Finally, NY’s argument ignores the lessons learned to date related to further renewable energy resource development, including lessons related to constraints on further microgrid and IPP growth, the constraints for Atlin Hydro (a First Nation-owned and developed expansion of an existing facility) related to cost escalation not being matched easily by grant funding escalation, and the need (in addition to added dependable capacity) for productive community and First Nation engagement and support as well as external grant funding in order to proceed with major new renewable projects (e.g., Moon Lake pumped storage hydro, which to date has not secured this necessary support).

In summary, NY’s submissions related to resource planning matters are not of assistance to the Board in carrying out its regulatory mandate in this proceeding, and should not be considered further by the Board.

NY’s recommendation at paragraph 25 of his Final Argument for the provision of “previous month and current month rates” to customers are also out of-scope of this GRA proceeding, as are NY’s related submissions at paragraphs 17 to 24. This recommendation and the related submissions do not affect Yukon Energy’s proposed 2025-2027 revenue requirements – and they also ignore the evidence the Board recently considered on the issue of bill simplification in the AEY and YEC Rate Rebasing proceeding (including the evidence in that proceeding about the efforts of Yukon Energy and ATCO Electric Yukon (“AEY”) to provide more detailed information to customers on rates).³ This recommendation and the related submissions also should not be considered further by the Board.

Whitehorse Power Centres Project

Yukon Energy provides the following further comments in response to NY’s submissions on the WPCP (NY Final Argument, paragraphs 26-41).

NY’s Final Argument expresses his concern (at paragraph 27) “that it might not be possible to build the 15 MW south Whitehorse portion [of the WPCP] in two years.” In support of this concern, NY refers to evidence previously provided by Yukon Energy in 2022 that it was expected at the time it would take at least four years to plan, permit and construct a new 20 MW or 12.5 MW diesel plant (paragraph 28), as well as Yukon Energy’s previous proposal for the Callison diesel project, indicating that that project started in 2020 with civil construction beginning in 2023 for the project’s 2025 implementation (paragraphs 31-33). NY also notes Yukon Energy’s evidence that rentals could be installed at the south Whitehorse site if there are issues with procurement of preferred

³ In response to NY-YEC-1-16 Attachment 1, Yukon Energy provided the Board with an illustrative example of the preliminary revised format of rate schedule 1160 for hydro, non-government residential service customers, showing the effect of including YEC Rider J and AEY Rider R. Since then, working with AEY, Yukon Energy has also published a document on its website (at <https://yukonenergy.ca/customer-service/accounts-billing/reading-your-bill/>) that provides details for each rate class of applicable base rates, Rider J and Rider R adjustments, and the effective rates incorporating those adjustments (see linked document: [Base Rates Effective July 1, 2025](#)).

diesel units (paragraph 35), and he reviews Yukon Energy's evidence from 2022 and 2023 proceedings outlining diesel rental risks that "potentially expose grid customers to unreliable generation capacity" (paragraph 38) and describing diesel rentals as "difficult to procure" (paragraph 39). He concludes with an assertion that "...it is not clear from past projects such as Callison or YEC's own presentation to the Board that the first phase of the [WPCP] will be operational in 2027" (paragraph 40), and then recommends the following (paragraph 41):

... Approval of the Whitehorse power centres project should be deferred until a detailed project schedule supported by engineering and permitting evidence and realistic timelines can be provided to the Board. ... YEC should also present a realistic backup that does not rely on additional rentals, or provide evidence that rental diesel is now reliable and readily available at the last minute. ...

In the current GRA proceeding, the Board's jurisdiction is confined to approval of the Whitehorse south power centre forecast capital costs (or approval of forecast costs for an effective alternative) in the 2027 revenue requirement (i.e., "Phase 1" of the WPCP as described in the WPCP Update in YUB-YEC-1-8 (a-b) Attachment 1, Exhibit 4, PDF pp. 131-137). NY's recommendation as worded goes well beyond the scope of this proceeding. However, Yukon Energy understands the substance of NY's argument and recommendation to be that the Board should require more evidence from Yukon Energy before approving inclusion of Whitehorse south power centre costs in the 2027 revenue requirement. In particular, Yukon Energy understands it to be NY's position that additional evidence is needed on the reliability of rental diesels, and to establish that they will either be available for winter 2027/28 or that there will be a realistic alternate backup that does not rely on rental diesels.

To address the last matter first (regarding rental diesels and/or other realistic backups for winter 2027/28), the 2025-2027 GRA as filed in May 2025 relies upon the forecast 22 diesel rental units for each test year, and assesses their current reliability by applying a Forced Outage Rate of 15% to reflect Yukon Energy's reliability experience with those units compared to permanent units (see Yukon Energy's Final Argument, p. 48). Those units will be available in the 2025, 2026 and 2027 test years to provide the dependable winter capacity determined using that updated approach. The evidentiary record before the Board in this proceeding supports Yukon Energy's position that its selection of diesel rentals reflects the only prudent option available under anticipated conditions for the test years.

The update provided in YUB-YEC-1-30 (b) (Exhibit 4, PDF pp. 183-185) addresses forecast increases in non-industrial peak winter demand on the YIS that have resulted (with the 22 diesel rental units) in a new forecast dependable capacity shortfall of 8.1 MW for winter 2027/28, i.e., absent the Whitehorse south power centre, an additional five diesel rental units (27 versus 22 units) would be required to close the dependable capacity shortfall for winter 2027/28.⁴ There is no evidence of any other dependable capacity option that could be brought on-line by winter 2027/28 to meet this added requirement other than diesels – and Yukon Energy's evidence is that securing five added rental diesels in this instance for 2027 is the only reliable back up to procuring equivalent permanent new diesel capacity. Given that this added dependable capacity is required for winter 2027/28, Yukon Energy still has time to keep assessing its options in this regard.

⁴ This evidence with details and references is reviewed in Yukon Energy's Final Argument, Section 1.2 (pp. 8-9).

In summary, NY's comments and recommendations related to diesel options for the test years ignore Yukon Energy's evidence in this proceeding. Based on the evidentiary record before the Board, Yukon Energy's proposed approach to implementing Phase 1 of the WPCP, with diesel rentals as a backup to the installation of permanent modular units, is the only reasonable and prudent option available to close the capacity shortfall for winter 2027/28.

Separately, NY's implicit recommendation to defer the WPCP south site project for the 2027 test year ignores the evidence that it will not be possible for Yukon Energy to meet the updated 2027 dependable capacity shortfall (i.e., the 8.1 MW shortfall) by adding additional diesel rental units to the ten that are already currently installed at Yukon Energy's Whitehorse diesel plant.⁵

A new site is therefore needed to install the required additional diesel units in the Whitehorse area, and Phase 1 of WPCP represents the only practical option open to Yukon Energy today for adding these required additional diesel units.

The WPCP regulatory review – expected to be completed in 2026 or early 2027 – is intended to secure approvals for an initial 15 MW and an ultimate 30 MW of modular diesel units at this site. Yukon Energy's evidence is that if, for whatever reason, procurement and installation of the initial planned permanent modular units cannot be confirmed for winter 2027/28, Yukon Energy is confident that it could proceed on this site with civil and related supporting facilities work completed in the 2027 construction season as required for installation of modular diesel units that would accommodate, for at least one winter, the diesel rental units needed to address the updated dependable capacity shortfall for winter 2027/28.

Yukon Energy does emphasize that it will continue to target the optimum option, if feasible, to install the planned 15 MW of permanent modular units by winter 2027/28, thereby displacing rental overall of nine diesel units (i.e., it will allow Yukon Energy to remove four of its existing 22 diesel rentals units, while avoiding the need for five additional rental units that would otherwise be required to close the updated capacity shortfall that is now forecast for winter 2027/28).

During the oral hearing, the feasibility of completing the 15 MW Whitehorse south power centre by winter 2027/28 was reviewed in detail during cross-examination by Board counsel, with in depth responses by Mr. Milner, Ms. Cunha, Mr. Murchison and Mr. Epp.⁶ NY does not address this evidence in his Final Argument, nor does he recognize the specific elements applicable to the Whitehorse south power centre (including modular units that facilitate options with diesel rentals) which distinguish the diesel installation proposed here from new diesel plant developments previously considered by Yukon Energy.

In summary, NY's arguments and recommendations regarding the Whitehorse south power centre project forecast completion by winter 2027/28 do not adequately address evidence provided to the Board in this proceeding. The evidentiary record before the Board supports the addition of Yukon Energy's forecast capital costs for completion of the Whitehorse south power centre to Yukon Energy's rate base in 2027.

⁵ As Ms. Cunha testified at the oral hearing (transcript, page 37, lines 6-20), there is no physical space remaining at the existing site to install additional diesel units. See also Section 2.3.1.1.2 of Yukon Energy's Final Argument.

⁶ This evidence is reviewed in YEC's Final Argument in section 2.3.1.1.2 at pages 41 and 42.

2.2 REPLY TO UTILITIES CONSUMERS' GROUP

UCG elected not to participate in the oral hearing of this GRA. It has, however, filed a Final Argument that is focused largely on overarching themes of affordability and fairness, and expresses broad concern about the “gravity” of Yukon Energy’s propose rate increases.

Yukon Energy understands and appreciates UCG’s concerns. That is why, in its October 17, 2025 Opening Statement (Exhibit 8), Yukon Energy emphasized its ongoing commitment to pursuing Government grant funding and other sources of external investment to reduce ratepayer impacts from the urgent and significant investments that Yukon Energy must make. Yukon Energy has no choice but to make these investments in order to safeguard and strengthen its aging generation, transmission and distribution facilities, while assuring its ability to continue to meet unprecedented annual growth in forecast customer demand.

As Mr. Milner further emphasized in his introductory comments (transcript, page 17, lines 3-6), these investments are not optional. They are essential to Yukon Energy’s ability to meet its duty to provide safe, adequate and reliable electricity service to Yukoners.

In light of the kinds of concerns raised by UCG, Mr. Milner also emphasized the need for a coordinated approach, involving all levels of government, to keep electricity affordable (transcript, page 20, lines 19-22; page 21, line 24 to page 22, line 5), while also noting that the Yukon’s electricity rates remain the lowest across the north and comparable to some provinces in southern Canada – despite the challenges presented by the Yukon’s remote isolated grid – and even with the rate increases approved by the Board in recent years (transcript, page 21, lines 14-16).⁷

Within the scope of the Board’s regulatory mandate under the *Public Utilities Act*, the Board addresses affordability by requiring that costs included in Yukon Energy’s approved revenue requirements are reasonably incurred: i.e., they reflect cost-effective available options to meet forecast electricity requirements. However, UCG’s submissions on affordability go well beyond the confines of the Board’s jurisdiction.

Without in any way diminishing the significance of UCG’s concerns about affordability, UCG’s recommended actions are inextricably linked to matters of government policy and funding contributions that are outside the Board’s regulatory mandate. Under section 75 of the *Public Utilities Act*, the Board has no authority to require the expenditure of public money – that is and remains a matter for government. The Board’s role and duty under the *Act* and the *Rate Policy Directive (1995)* is to review the evidence in this proceeding, and to set rates that will be sufficient for Yukon Energy to recover its reasonably incurred operating expenses and a fair return (less 0.5%) on equity, based on the Board’s review and evaluation of the best available evidence of forecast expenditures and prudently incurred capital investments for the test period (2025-2027).

UCG has asked specifically (in paragraphs 7, 30, 57 and 67 (misnumbered 55) of its Final Argument) that the Board approve rates for the 2025 test year only, pending further investigations

⁷ See Table 4.2A-1 and Figures 4.2A-1 and 4.2A-2 in Appendix 4.2 of the Application (Exhibit 1-A, PDF pp. 184-186), comparing typical residential electricity bills in Whitehorse with those in other communities in the Northwest Territories and Nunavut, as well as well as the southern provinces. As illustrated specifically by Figures 4.2A-1 and 4.2A-3 (Exhibit 1-A, PDF pp. 185, 187), the comparison with other northern communities for both residential and small commercial customers will remain very favourable, even with the rate increases that Yukon Energy is requesting in this GRA.

by the Board of the sustainability for ratepayers of continued rate increases (paragraph 7), the cost saving impacts of increases in employee and consultant costs (paragraph 30), alternative rate setting methodologies (paragraph 57), and rate relief programs (paragraph 67). That request to approve rates only for 2025, however, is inconsistent with the principle of prospective ratemaking, and misconceives the Board's regulatory role, whereby it is the Board's duty to set rates based on forecast sales, forecast capital investments and forecast expenditures during the full three-year test period.

UCG has also asked the Board (in paragraphs 56 of its Final Argument) to consider adopting an entirely different methodology for determining Yukon Energy's return on equity based on "a top-down approach", that would use "customer rates as a starting point", and would involve setting "price cap" on rates – apparently without any regard for Yukon Energy's cost of service. However, it simply is not open to the Board to adopt the "rate cap" kind of approach UCG is proposing, which would be directly contrary to the specific requirements in section 2 of the *Rate Policy Directive (1995)* – as well as the well-established "regulatory compact", which recognizes that public utilities, in exchange for their mandatory obligation to serve, are legally entitled to charge rates approved by the regulator that are sufficient to enable them to recover their reasonably incurred operating expenses and a fair rate of return.⁸

Having regard to the foregoing constraints on the Board's regulatory mandate, Yukon Energy will respond further, briefly, to the following five specific issues identified in UCG's Final Argument:

- UCG's proposal that "all IPPs and Micro Generation programs be isolated from the YEC profile and paid for by the Yukon Government or Yukon Development Corporation which manages these programs, rather than being recovered from ratepayers through revenue requirement" (UCG Final Argument, paragraph 22);
- UCG's request for the Board to arbitrarily impose a 5% limit on Yukon Energy's recovery of increased non-fuel operating and maintenance costs (UCG Final Argument, paragraph 39);
- UCG's request for the Board to arbitrarily disallow expenses reasonably incurred by Yukon Energy as required in hydro relicensing and other regulatory processes that are related to reconciliation with the First Nations whose traditional territories have been impacted by Yukon Energy's facilities and operations (UCG Final Argument, paragraph 65);
- UCG's request for the Board to investigate purportedly greater costs that it speculates (without supporting evidence) may result from Yukon Energy's method of dispatching diesel generation "as they see fit", and to deduct that cost difference from Yukon Energy's revenue requirement (UCG Final Argument, paragraph 66); and
- UCG's request for the Board to investigate the cause of the equipment failure experienced with one of the Aishihik Generating Station units (AH1) in the winter of 2024/25, and to determine who is responsible for paying the shutdown cost consequences, which UCG

⁸ See, for example, *ATCO Gas and Pipelines Ltd. v. Alberta (Energy and Utilities Board)*, 2006 SCC 4, at paras. 62-65; *Yukon Energy Corporation v. Yukon Utilities Board*, 2017 YKCA 15, at paras. 5-7, 17-18.

submits should be paid for by insurance or RFID, not by ratepayers (UCG Final Argument, paragraph 68 (misnumbered 56)).

1. IPPs and Micro-Generation

UCG questions the benefit of IPPs and micro-generation projects, and requests that the Board require that the costs related to those projects be borne by the government or by YEC's shareholder, instead of by ratepayers. However, that request is directly contrary to specific direction provided by the government in binding Orders in Council and related government policy.

In particular, with respect to IPPs, section 2 of the *Direction to the Yukon Utilities Board (Independent Power Production)*, OIC 2019/025, specifically requires the Board, when setting rates, to allow the electrical utility to recover the cost of purchasing electricity under electricity purchase agreements with IPPs, including associated costs for consultants and legal fees, and for the maintenance or replacement of the equipment or infrastructure that is necessary for that purpose.

Similarly, with respect to micro-generation, section 5 of the *Independent Power Production and Micro-Generation Regulation*, OIC 2019/026, reflects and gives effect to government policy promoting the connection to the Yukon electrical grid of micro-generation facilities approved under section 4 by the Director, Energy Branch of the Yukon Government's Department of Energy, Mines and Resources, on terms agreed to between the facility owner and the public utility – which, it should be emphasized, would predominantly be AEY rather than Yukon Energy, given that the small facility scale (not exceeding 50 kW) would typically be owned by retail customers predominantly located in areas served by AEY. Section 5(2) of that Regulation further specifies what costs must be borne by the owner of the micro-generation facility; it follows that the public utilities must be entitled to recover other associated costs in their rates under the general requirements of the *Rate Policy Directive (1995)*, OIC 1995/090.⁹

It is not open to the Board to override or disregard the requirements of these Orders in Council or the government policy that they are clearly intended to implement. The Board must reject UCG's request to do so.

2. “Discretionary” Non-Fuel O&M Costs

UCG seeks to characterize Yukon Energy's non-fuel O&M costs as “discretionary”. They are not. They are costs that Yukon Energy must incur in order to meet its mandatory obligation to serve, as outlined previously in Section 2.2.2 of Yukon Energy's November 12, 2025 Final Argument (pages 19-27).

⁹ It is important to re-emphasize, as indicated in response to UCG-YEC-1-10 (d) (Exhibit 4, PDF p. 98), that the micro-generation program is administered by the Yukon government. Under that program, it is the government, not ratepayers, that pays for energy delivered to the grid by micro-generation customers. As provided in the Yukon government's *Micro-generation Policy* (page 3) (<https://yukon.ca/sites/default/files/emr/emr-micro-generation-policy.pdf>), the utility is responsible for paying for, owning and operating metering equipment for micro-generation customers; however, micro-generation customers are responsible for interconnection costs and any potential transformer upgrade requirements, and the Yukon government is responsible for compensating micro-generation customers on an annual basis through its Micro-generation Production Incentive Program.

To the extent that the Board is satisfied that those non-fuel O&M costs are reasonably incurred by Yukon Energy, Yukon Energy is entitled under the general requirements of the *Rate Policy Directive (1995)* to recover those costs in rates.¹⁰ It is not open to the Board to impose the kind of arbitrary limit on recovery of those costs that UCG is requesting. That request must be rejected.

3. First Nation Reconciliation

This submission by UCG appears to be principally concerned with costs incurred by Yukon Energy either in response to compensation claims made by First Nations in connection with required renewals of the water use licences for its three hydro-electric generating stations, or to implement other measures designed to mitigate the impact of Yukon Energy projects and facilities on First Nations.

However, these costs are not discretionary. They are requirements of the applicable regulatory processes governing Yukon Energy's projects. This includes Yukon Energy's obligation under the *Waters Act* to provide compensation that the Water Board considers appropriate to eligible claimants, including First Nations and their citizens, as a condition of issuance or renewal of a water use licence. It also includes Yukon Energy's obligation to comply with terms and conditions of decisions documents issued by decision bodies under the *Yukon Environmental and Socio-economic Assessment Act* for the purpose of mitigating impacts of Yukon Energy projects on First Nations, which must be incorporated into the licences, permits or other regulatory authorizations that Yukon Energy requires for its facilities. Yukon Energy cannot disregard or ignore those obligations.

To the extent that the Board is satisfied that costs of this nature are prudently incurred as part of Yukon Energy's capital expenditures on projects such as the relicensing of the three hydro-electric generating stations, the Board must allow their inclusion in rate base; and to the extent that the Board is satisfied that such costs are reasonably incurred as operating expenses, the Board must allow Yukon Energy to recover them on that basis. The Board has no authority to shift those costs to the government or to Yukon Energy's shareholder.

This submission by UCG must be rejected.

4. Stacking Order for Thermal Generation

Yukon Energy provided evidence in its response to NY-YEC-1-2 (Exhibit 4, PDF p. 6) about the need to modify the generation stacking order for its thermal generation based on current conditions at the relevant time, including demand, available generation resources, resources required for system stability, air emissions permit and water use licence conditions under normal operating conditions, rental diesel generator contract provisions, and other operations considerations such as fuel supply, availability of labour resources, etc. At the hearing, Ms. Cunha also elaborated on this evidence in response to a question from NY (transcript, page 25, line 16 to page 26, line 5), as reviewed already in Yukon Energy's final argument (pages 48-49).

¹⁰ See also *Ontario (Energy Board) v. Ontario Power Generation Inc.*, 2015 SCC 44, at para. 16.

There is no evidence before the Board of any purported “inefficiencies” or “greater costs” that could affect the Board’s evaluation of Yukon Energy’s revenue requirements in this proceeding.

Additionally, Yukon Energy notes further that its revenue requirements for the test years are based on long-term average thermal generation requirements as calculated based on Table 2.1-1 provided in Appendix 2.1 of the Application (Exhibit 1-A, PDF pp. 58-60), which does not take into account the stacking order, and the proposed 80% LNG and 20% diesel fuel mix as well as fuel prices and efficiencies proposed in the Application. As a result, Yukon Energy’s actual dispatch of diesel units during the test years does not affect the approved revenue requirements used by the Board to set rates.

If UCG had wished to further pursue this issue, it had the opportunity to present intervenor evidence, as well as the opportunity to question Yukon Energy through the IR process or through cross-examination of Yukon Energy’s witness panel at the oral hearing. The evidentiary record is now closed. There is no basis for the Board to re-open it now, as UCG appears to be requesting. This request should be rejected.

5. *Aishihik Generating Station Outage*

Yukon Energy explained in the Application that it was expecting to receive combined total insurance proceeds of approximately \$7.161 million in 2025 for its recent insurance claims for the Mayo Intake Gate and AH1 Field Loss failures, net of a \$1 million dollar deductible for each of those claims (Exhibit 1-A, PDF p. 89). Yukon Energy also explained that the \$1 million deductible for each claim is included in the total \$2.420 million RFID expense for 2024 shown in Table 3.11 (Exhibit 1-A, PDF p. 91), as part of the \$5.086 million opening RFID balance that Yukon Energy is proposing to amortize over a ten-year period (Exhibit 1-A, PDF p. 92). These results are compatible with UCG’s recommendations.

There is no evidentiary basis before the Board to question the reasonableness of the RFID expense for the \$1 million insurance deductible for Yukon Energy’s insurance claim arising from the AH1 Field Loss failure, or any other expenses relating to that outage.

As noted above, the evidentiary record is now closed. Once again, there is no basis for the Board to re-open it now, as UCG appears to be requesting. This request should be rejected.

3.0 CONCLUSION

As set out above and in Yukon Energy's Final Argument, all of the evidence necessary for the Board to address the Orders requested is in the record. Yukon Energy requests the Board's approval of those Orders.

ALL OF WHICH IS RESPECTFULLY SUBMITTED



Jason Herbert.
Counsel for Yukon Energy Corporation

November 27, 2025