YUKON UTILITIES BOARD

YUKON ENERGY BOARD

2025-2027 GENERAL RATE APPLICATION

P R O C E E D I N G S

Volume 2

October 22, 2025

Whitehorse, Yukon

Proceedings taken at the Yukon Utilities Board, at Sternwheeler Hotel and Conference Centre, 201 Wood Street, Whitehorse, Yukon.

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| Leanne Kowalyk, RCR, CSR(A)<br>Sonja Petryshyn, CSR(A) | Official Court Reporters |

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(PROCEEDINGS COMMENCED AT 9:32 A.M.)

THE CLERK: Order. This hearing is reconvened. Please be seated.

THE CHAIR: Good morning, everyone. Are we all ready to proceed now?

MR. HERBERT: Madam Chair, I just have a couple of housekeeping matters before we started.

THE CHAIR: Thank you.

MR. HERBERT: First of all, we've noted that the deadline in the Board's process schedule for after the hearing includes a deadline of November 20th for the reply arguments, which is the same date that's scheduled for the hearing of Mr. Yee's appeal from the previous general rate application.

So we were going to propose to extend the deadline for the reply arguments by a week until November 27th to assist the parties who are involved in that appeal hearing.

THE CHAIR: I think given the timing that makes sense to me.

MR. HERBERT: Thank you.

And I also wanted to just alert the Board to the fact that we have been working on preparing written responses to the undertakings that are in the transcript. We're expecting to file those in writing this afternoon.

In the meantime, however, there are a couple of points arising from yesterday's testimony that require correction, and I believe Mr. Epp is going to speak to that now.

THE CHAIR: Okay. Thank you. We'll hear that first before resuming questioning. Thank you.

**C. MILNER, J. EPP, S. CUNHA, P. MURCHISON (For Yukon Energy Corporation), previously affirmed.**

**A. MR. EPP: Thank you. So yesterday at pages 157 and 158 of the transcript, at the end of the day I confirmed that -- whoops. Sorry, wrong statement. Wrong correction.**

**With reference to yesterday's transcript, page 95, lines 9 and 10, we noted that the net impact of adding Whitehorse Power Centres 15 megawatt south centre portion to the revenue requirement as 1.435 million.**

**However, we had corrected that in Exhibit 8, page 3, and the correct number is 2.201 million. Also the clarification is that in the response to YUB-YEC-1-8A and B, we provided the details on how the increased capacity shortfalls provided in response to YUB-YEC-1-30B are addressed by the Whitehorse Power**

Centre's project.

Secondly, with reference to yesterday's transcript, page 141, lines 15 through 22, Ms. Bentivegna asked: (as read)

"In looking at the table in the Aid to Questioning Number 2, forecast overtime costs divided by labour costs still result in percents for 2025 to 2027 that are higher than the level approved for 2021, 2023 and 2024; is that correct?"

And I responded: (as read)

"That is correct."

However, looking at the Aid to Questioning Number 2, the overtime percentages for 2027 is 4.5 percent, which is lower compared to the 4.7 percent approved in 2023 and 4.72 percent approved in 2021.

So there's not really -- I wouldn't classify this as a correction, but there is something I did just also wanted to add.

So this is my first full GRA, and I'm going to make some mistakes. Plus, I'm the type of person that would rather get a question, think about it for a while, write down my responses, think about it some more, redraft it, then finalize it.

The process of an oral hearing where we have to respond immediately is exactly opposite of my strengths. I'm also the type of person who does not like conflict. I'm a people-pleaser.

In the past, my understanding was the Board did not want us to come in with a lot of updates and surprise the Board with -- at the last minute. Therefore, I tried to respect that and say that we were not asking to change our application because I was thinking that would offend you, but through the questioning we got yesterday, I feel like you do want to base your decisions on the most recent information.

When I gave my response at the end of yesterday at pages 157 and 158 of the transcript that we were not seeking no additional labour costs, it was because of that reason, that I didn't want to surprise you with a last minute change, but I'm learning that I think you do want the most recent information as that is the best information.

So in that case, I would have to correct my response from yesterday and say that we are seeking additional labour costs because that is the most recent forecast.

To summarize, if the Board wants to use the most recent information for its decisions, then we would like both costs, increases and decreases to be reflected in the revenue requirement. Now Ms. Bentivegna also made a point that we had only made one paragraph to support the $1.4 million increase in labour.

However, I also spoke at length about the 2024 labour variance. The reason the 2025 explanation is so short is because it is the same reason as 2024. Furthermore, we know that this will occur in 2025 because it has already occurred. We are $650,000 over approved overtime as of June 30th, 2025, and we now have an updated water forecast showing our water situation is even worse than last year. We have already started our thermal usage this fall.

Therefore, we know you'll see additional overtime in the remainder of 2025, and we know that this will continue into the January to May months of 2026 because there is no more water coming in. Since the water levels are lower than last year and we had $650,000 of additional overtime in 2025 to June 30th, we can expect greater than that in 2026. However, yes, we hope we can find some reduction in 2026 overtime by the addition of the FTEs in the operations department.

So in conclusion, I apologize for my shortcomings and thank you for giving me the opportunity to express my thoughts and I'm more open to more questions on the subject.

**THE CHAIR:** Thank you, Mr. Epp. I think you're going to find that the Board will never be offended by the latest correct information, although it is reasonable for us as well to ask for it to be delivered in a manner that allows us to consider it and refer to it before the oral hearing, so thank you very much for that, and I'll say nothing more about that, and if we -- are you ready to proceed now, Ms. Bentivegna?

**MS. BENTIVEGNA:** Yes, ma'am, Madam Chair, thank you.

**MS. BENTIVEGNA QUESTIONS THE PANEL:**

Q. MS. BENTIVEGNA: So, Mr. Epp, your statement this morning really segues or I will have my questions that segue into your statement about updates and what the revenue requirement that YEC is asking for, because you -- I know you've corrected what you've said yesterday about the 1.4 million labour costs, that they are -- you are asking for them to be in the revenue requirement, but right now on the record there are four different documents that talk about updates and changes, and so I want to go through them and then certainly if you want to take it as a written undertaking rather than do it on the fly, that's fine, because as I said there seems to be contradictory statements, but there aren't the numbers attached to say, you know, this -- you were asking for this or you mentioned this in the Exhibit 4 and your IR responses, but then in your opening statement it's different, you know, appears to be different.

So if I can take you through the different documents so that you can see that, yes, the Board would like the most up-to-date information that you have now as opposed to any type of compliance filing because by that point the Board will have made its decisions on your revenue requirement, so this is the time to bring it forward, and as accurate as possible.

So first -- okay, so I'm going to refer to four documents, just so you know, and then I'll give you the specific references.

So Exhibit 4, the IR responses, the Exhibit 5, which is the September 19th, 2025 cover letter to the revised IR responses, Exhibit 3, which is the October 14th letter, and just to correct the record, it wasn't the October 15th you mentioned. I assume you meant the October 14th. And then that was about the updated Yukon Energy information on the Wareham Dam spillway project tunnel, and then Exhibit 8, which is the opening statement.

So now in Exhibit 4 there are two corrections identified and six updates, updated forecasts, identified, so and I'll read this to you so: (as read)

"As indicated in the IR responses, Yukon Energy has noted some corrections to the application that impact revenue requirement including amortization expense for Whitehorse and Mayo relicencing projects YUB-YEC-1-50B and application of the deemed capitalization UCG-YEC-1-8A and C. The application was submitted earlier in the first test year than in the previous filings, and it included an additional forecast year, three years instead of two.

The forecast presented in the application remain the basis, primary basis, for evaluation as they affect the best available information at the time of filing, however, in responding to IRs, Yukon Energy has provided updated information on the follow, and that was brushing costs, insurance, labour costs, thermal, consumables, mobile diesel rental costs, the Whitehorse power expansion project, now referred to as Whitehorse Power Centres project, and the reference for -- each of them has a reference for the IRs."

Now, and then it goes on to say that: (as read)

"The updated information is not intended to constitute a revision to the application but has been provided to support a more timely and efficient review and consideration by the Board."

And then Exhibit 5 identifies two corrections and six updated forecasts, and the update for the Whitehorse Power Centre project, and you'll see there that there's a table with labour costs, so the -- it's in the reference -- August 26th cover letter also identified certain IRs that reflected updates to the information set out in its application, and the updated forecast increase -- the 2025 shortfall by 0.986 million, the 2026 shortfall by 2.118 million and the 2027 shortfall by 1.86 million. This increases the required rate by 1.44 percent, and you have a listing there.

And again, you say that it's not intended to constitute a revision, but provided to support a more timely efficient review.

Then Exhibit 3, which is the October 14th letter, you provide the update on the Wareham spillway tunnel, and then in your opening statement you say that: (as read)

"Adjustments will be required as a result of correction updated information provided in IR responses, and its letters of September 19th and October 14th."

Now, and then you go on to say: (as read)

"Yukon Energy's 2025-27 application filed in May 25-6 approval of the forecast revenue requirement of 1.392 million for 2025, 1.22.406 million for 2026 and 134.85 million for 2027."

But then you continue to say: (as read)

"Subject to adjustments that will required as a result of corrected and updated information provided subsequently in Yukon Energy's responses to information requests and in its letters of December 19th and October 24 -- October 14th, 2025."

And then also a footnote: (as read)

"As previously indicated, Yukon Energy

will reflect these corrections and updates and all required adjustments in its compliance filing subject to further direction of the Board."

Now, my question -- well, it's relatively straight forward is what is the revenue requirement that YEC is seeking for 2025, 2026 and 2027, considering the updates and adjustments that you are making based on these documents that you -- that I've just mentioned, rather than going through all of them again?

So can you provide those -- the updated revenue requirement and references to how it -- or what's changed? So basically, the information that's contained in the additional materials that were filed after your application.

Is that clear or would you like me to elaborate?

A. **MR. EPP: I believe -- Madam Chair, I believe that is crystal clear, and yes, so I think we can prepare a revenue requirement number and the calculations behind it that would show the original application and the adjustments that we have referenced through -- or that you have referenced today here too in that to come up with a final revenue requirement. Obviously subject to the decisions made by the Board going forward.**

Q. So then just to be clear, they will be what you were asking, what it's updated to, what the basis for the updated change numbers are and as well as -- so that will be in some type of table, I would imagine, and with supporting documentation, and if there's any Excel spreadsheets, if they could also be with the cells intact so the Board can look at it. Is that --

**A. MR. EPP: Madam Chair, I think that would be very helpful for the Board, so yes, we can do that.**

Q. And in that, so what we were saying about the updates and that, but the details for each correction or update, so that again, it's clear where you started and where you're ending up, so that that's what you're asking for and with the details to support that?

**A. MR. EPP: We will do that.**

THE CHAIR: Excuse me, is that a new undertaking?

MS. BENTIVEGNA: I believe it is. But the panel can confirm.

**A. MR. EPP: We will undertake to do that, yes.**

**UNDERTAKING - TO PREPARE A REVENUE REQUIREMENT NUMBER IN EXCEL AND THE CALCULATIONS BEHIND IT THAT WOULD SHOW THE ORIGINAL APPLICATION AND THE**

**ADJUSTMENTS THAT HAVE BEEN REFERENCED TODAY**

Q. MS. BENTIVEGNA: So now then moving on to O&M labour costs related to consultants. Now, I'm looking at Exhibit 4, UCG-YEC-1-12, PDF pages 101, 102. There's a list of all consultants by vendor with costs for all of 2024 and half of 2025, so you'll see it starts I think with Aasman Brand Communication Inc. and goes on.

Now, looking at that response, including the table identifying the resultant costs by vendor for all of 2022 and 2025, as I've just said, there are no totals for each of the columns.

Can you provide the column totals that the consultants' cost and subject you can check, consultants' costs for total year 2024 roughly 14 million and for the half year for 2025 were roughly 4 million?

**A. MR. EPP: Yes, we can provide totals from those -- from that table.**

Q. All right. So that's another undertaking or will you do it now or?

**A. MR. EPP: It will be an undertaking.**

Q. All right. Thank you.

**UNDERTAKING - TO PROVIDE TOTALS FOR THE**

**CONTRACTOR COSTS COLUMNS IN THE TABLE AT EXHIBIT 4, UCG-YEC-1-12, PDF PAGES 101, 102**

Q. MS. BENTIVEGNA: Can you or would you have the actual 2025 costs, the final -- sorry, it wouldn't be the final, but it would be the costs to date of contractors or September 30th if that's easier rather than the half month, that has been spent, that YEC has spent on consultants?

**A. MR. EPP: Yes, we will undertake to also provide the September 30th contractor expenses.**

Q. Thank you.

**UNDERTAKING - TO PROVIDE THE SEPTEMBER 30TH CONTRACTOR EXPENSES**

Q. MS. BENTIVEGNA: And then also the actual information for the full year 2023 and 2024, so the actual costs for the -- those two full years?

**A. MR. EPP: Madam Chair, I think the 2024 is already provided.**

Q. All right. Then 2023?

**A. MR. EPP: Yes.**

Q. Thank you.

**UNDERTAKING - TO PROVIDE ACTUAL CONTRACTOR COSTS FOR THE FULL YEAR 2023**

Q. MS. BENTIVEGNA: Now, looking at that Exhibit 4, the UCG-12-C at PDF page 102, YEC stated that it did not have a forecast of consultant costs for 2026 and 2027 test years and listing names and amounts, but can you provide the 2026/2027 forecast consultant costs in any format that is without -- with or without consultant names and amounts, just basically if you do have a forecast as what your spending might be in those two years on consultants?

A. **MR. EPP: Madam Chair, that would be subject to a great deal of assumption-making. For example, for the costs we have in the application for '26 and '27, we don't have contracts in place, we don't know the work that's going to be done. We haven't done any requests for proposals, got responses from things like that.**

**So I wouldn't be able to provide anything that I believe is meaningful for '26 and '27.**

Q. Okay. Now, can you explain if consultants' costs are allocated between maintenance and capital for forecast purposes?

A. **MR. EPP: They are not allocated. Contractor costs are based on the type of work that is to be performed, and if that work to be performed is considered to be capital, it will be capital against the appropriate project, or if it is not capital, then**

**it will go against the appropriate O&M department.**
Q. Now, for 2024, do you have a breakdown of what is capital -- what has been allocated to -- I'll call it allocated to capital and what is an O&M expense?
**A. MR. EPP: Madam Chair, we could provide to the best of our ability a breakdown of these costs, but this would be timely. I mean, you can take a look at the first example with Aasman in 2024 there was an $86,000 total represented here. That is likely 20 different invoices for 20 different projects, so we'd have to go through each invoice and figure out whether that was coded as capital or not.**
**So yes, it could be done. It would be very time consuming.**
Q. Rather than by project or by invoice, what the purpose of my question was, was to know, like, how, and you mentioned that you looked at whether there's capital project that the work is attached to, and you put it towards that or it's expensed against O&M or it becomes an O&M expense, so it's more at that level, if you have for 2024 how much expenditure, how much of the amounts that's reflected for the costs for 2024, what percentage or what portion of that would be capitalized and what part of that has been expensed for 2024?
**A. MR. EPP: Madam Chair, I'll have to ask our**

**finance team to see if that type of information can be prepared.**

Q. Thank you.

**UNDERTAKING - TO PROVIDE HOW MUCH EXPENDITURE, HOW MUCH OF THE AMOUNTS THAT'S REFLECTED FOR THE COSTS FOR 2024, WHAT PERCENTAGE OR WHAT PORTION OF THAT WOULD BE CAPITALIZED AND WHAT PART OF THAT HAS BEEN EXPENSED FOR 2024**

Q. MS. BENTIVEGNA: Now, looking at, and we're still dealing with consultants' costs, the application, Exhibit 1-A at PDF page 72 and Table 3.9 at PDF 84, and then there's two responses to YUB questions, so I'll -- as I go I'll give you those references.

So in response to Exhibit 4, YUB-YEC-1-43, PDF page 223, which asked why certain administration costs as shown in the application Table 3.9 at PDF page 84 were lower in 2024 compared to the 2027 forecast and YEC stated that: (as read)

"Respecting regulatory affairs costs that regulatory affairs expenses are forecast to be lower in 2027 compared to 2024 approved costs as Yukon Energy has shifted to performing these duties internally rather than outsourcing to an external consultant."

And then in Exhibit 4, but this one was the response to a UCG Question 12, which I mentioned, at page 101 there's an alphabetical listing that talks about -- in the first column is all of the 2024 and the second column is to June 30th, 2020 -- sorry, 2025.

But the listing I'm looking at an Intergraph Canada ULC InterGroup Consultants, Interlock Energy Limited, so can you explain is regulatory affairs cross is referred to in the response to YUB-43 at PDF 223 are those that would have normally been incurred through InterGroup Consultants Limited as shown in Exhibit 4, the UCG 12 response to number 12 on page 101 for 2024. I can go through those references again if you'd like me to.

A. **MR. EPP: So, Madam Chair, in YUB-YEC-1-43 question B was asking about administrative expenses as shown in the application, and specifically the regulatory affairs line item from that column.**

**The answer in -- that we gave is that these regulatory affairs expenses are forecast to be lower in 2027 compared to 2024 approved. These are specific to the regulatory affairs under the administration column.**

**So they represent only a small portion of the costs that would be -- would have previously gone to, say, InterGroup in that other table that you were**

**referring to. The table that you were -- the second table, which was -- yes, so this second table on page 101, for example, for InterGroup would include all the work that InterGroup has done for Yukon Energy on all the projects whether capital or O&M, and so there's multiple projects that I can think of, licensing projects, this hearing, and -- yeah, so that's the difference.**

Q. So if I understand you correctly, you're saying your response to the administration cost question was that now the regulatory affairs is being done in-house, however, in response to the UCG question, there's still costs associated with InterGroup Consultants for projects other than regulatory affairs? Is that correct? For capital projects --

**A. MR. EPP: Other than regulatory administration --**

Q. Okay.

**A. MR. EPP: -- expenses.**

Q. So then are either the YEC -- so is it either the YEC or consultants costs for GRA support recovered through the hearing cost reserve account, and that is really -- I'm trying to understand what you've said, that the application and was prepared in-house and as IRs, but I'm trying to understand what consultants' costs for this GRA application, what type and not necessarily the magnitude, but what type of support costs will be recovered from or will be requested in a hearing -- in a costs -- sorry, in a costs application, and if granted be placed in the hearing cost reserve account?

A. **MR. EPP: Understood. So, Madam Chair, costs related to this hearing, as directed by the Board in previous hearings, go to our hearing reserve account, so they are considered kind of cap -- they're not part of that administrative expense line item that I was referring to. They're in a different pot, more of a capital pot.**

**Then they come to -- we go through the costs claim process, and that's where the Board determines whether those or how much of those costs are actually then approved and amortized over the appropriate amortization period.**

**But I guess to expand on that, I can confirm that, yes, more of that process is also done internally. So I mean you don't have the total costs for this hearing yet, but you will see lower consultant costs in this hearing as compared to previous hearings when our cost claim comes in, assuming this process doesn't go too far on.**

Q. And for the hearing cost reserve account for these

costs for the GRA, can you tell me where that's reflected in your application, a PDF page reference?
A. **MR. EPP: Sure. Just give me a couple minutes to or at least a little bit of time.**
Q. Sure.
A. **MR. EPP: So, Madam Chair, the discussion of hearing cost reserve is found in the application on PDF page 96, starting on PDF page 96.**
Q. Thank you. So then can you confirm and essentially provide some substantiation that recent new hires have resulted in less consultant costs and/or can you undertake to provide us with additional evidence that a specific FTE hire has resulted in less consultant costs.
You've mentioned for regulatory, but are there other areas where this has taken place?
A. **MR. EPP: Madam Chair, sorry for the delay there. If you're referring to specifically the regulatory hearings, if you go up to page 97 in the application and the very top line is of the table there is YEC, and you can see that the more recent applications, not the GRAs themselves but for example the low water reserve fund there's actually zero cost of -- that has been claimed by Yukon Energy, so therefore we had zero consultant costs for those**

**applications.**
Q. And how is that tied into a new hire? Or was it tied to a new hire?
A. **MR. EPP: That is directly result of the hiring the manager of regulatory that we've previously described.**
Q. All right. And there are any other -- generally, not just regulatory costs, are there any other areas you can point me to where there's a link between a new hire and reduction in consultant costs?
A. **MR. EPP: Yes, and others can jump in if they want because I'm doing all the talking, but yesterday I think I spent actually a couple minutes referring to six or seven different examples of exactly that, and I would rather not repeat them today, but they were all listed yesterday with the position and the dollar savings estimated, so there's a lot already on the record, unless anyone else wants to jump in with more examples.**
Q. Well, if you wouldn't mind going through that again, because I think yesterday you mentioned, you know, we were talking about the FTEs, but now I want to look at it through the lens of the consultant -- if reducing consultants costs, that's the juxtaposition I'd like you to look at it from.

A. MR. EPP: So we've already talked about the manager of regulatory. In 2023 the engineering department hired a senior project manager capital projects, a junior project manager EIT civil and a project manager.

This department had previously relied heavily on contractors, but much of that work has now been brought in-house. Prior to adding a second position with the people and culture department, most recruitment activities were outsourced to a third party, bringing recruitment in-house has saved the company approximately $85,000 annually. Now, you might go to the recruitment costs Table 3.9 and note that they haven't gone down, but they would be even higher, had we not hired this person.

New staff in the operations department performed work that would have otherwise been done by outsourcing, and that includes as I said yesterday a savings of $95,000 in two months, and that specifically refers to an LNG shutdown project of 77,000 and some -- other operating and maintenance procedures of 18,000.

The -- so those are sort of the specific examples I gave yesterday on some employee additions that have resulted in reduced employee -- reduced contractor costs.

**A. MS. CUNHA: Madam Chair, may I just ask for a point of clarification in order to best support the panel here.**

**Is the line of questioning about 2023 and '24 hires or would it be helpful for the Board to also have similar information for the proposed 2025, '26 and '27 hires as well?**

Q. It was helpful for the '23 and '24 years because I have some specific questions on the test years and FTE additions.

THE CHAIR: But just to clarify, Ms. Bentivegna, you're not asking for it for the other years, which was the offer I thought.

MS. BENTIVEGNA: Not with this -- not with that question, but I will be moving on to --

THE CHAIR: Okay.

MS. BENTIVEGNA: -- in additional questions to addressing Ms. Cunha's comment, point of clarification.

**A. MS. CUNHA: Great. Thanks for the clarity.**

Q. MS. BENTIVEGNA: So now in reviewing Exhibit 1-A, which is the application, Appendix 3.2, employee complement addition justifications for several positions requested, there was a direct reference to how the positions either currently relied on or would reduce the reliance on the use of consultants.

For example, if you look at -- in Appendix 3.2 the employee complement justification, so the 2025 resource planner, that's at PDF page 119 and 119, 20, the training coordinator. 127, the infrastructure coordinator in 2026 as well, apprentice powerline technician and 137, the 2026 electrical engineer.

Now, as I was saying, I was coming up to the kinds of -- now addressing the test years. And the question being, again, how is these -- the addition of these proposed positions going to reduce the dependence on consultants and confirmation from -- and I'm seeking confirmation from YEC that despite hiring additional FTEs in the last test period, there's been no reduction in labour and overtime costs, and only -- sorry, in labour and overtime costs.

So that's what I'm looking for is what in the test years you're asking for these additional positions, and if you can explain how this is going to reduce or you intend that it reduces YEC's dependence on consultants? That's the first part of the question.

And then the second part is, and seeing that in the last test period it has not reduced labour and overtime costs, so two parts.

A. MR. MILNER: **Madam Chair, Chris Milner, Yukon Energy. I'll start with the second part because I** think the line of questioning makes a very strong assumption that workload stays flat. I think we've been crystal clear throughout this hearing and throughout our application that workload is not staying flat, in fact we're scrambling to keep up with workload.

So when we're making decisions to add FTEs, we're looking at specific areas that require support and that we have a horizon for long-term investment in terms of long-term support and if we balance that against the short-term nature or the sort of rapid responsibility of contract for us to do more shorter term, more intensive work, whether it be unplanned maintenance emergency-type work.

So I just wanted to set the tone for how this question gets answered, because it's a difficult question to answer when you're looking for a linear cause and effect, add more staff; spend less time on contractors. We're going to add more staff and likely have to spend more money on contractors in general terms just because the workload itself is increasing at a rate that needs to be considered as well in this line of questioning.

So I think Stephanie has details around the test years that we can provide to provide greater context to that, but certainly looking at this from a very, sort of -- in a linear way without looking at actual workload, increasing is a difficult starting place to provide you with the kind of information you're looking for.

And I think it's important that we emphasize that this is a big challenge for us in terms of how we more efficiently make a decision between, do we add an FTE or is that work better served by contractors, and it's a question that's being asked regularly across the organization as we try to manage the different types of work that's happening right now.

So hopefully that provides some general context. And I'll pass it over to Stephanie for more details on the test years.

A. MS. CUNHA: Thanks, Mr. Milner.

It might be helpful for myself to provide our analysis of each of the positions in '25 and '26 and to highlight the ones that we have determined would help reduce overtime and contractors. I think it might be helpful for me to run off the list first and then we can answer any specific questions about a specific role that the Board might have.

But we did the analysis, and when we look at the proposed positions for the test year of 2025, the electrical technologist will help us reduce overtime and reduce contractors. The supervisor of OT and automation will help us reduce both overtime and contractors. The maintenance engineer for electrical and the maintenance engineer for mechanical will help us reduce both overtime and contractors.

The SEC operator and coach will help us reduce overtime. The financial analyst operations positions will help us to reduce overtime. The resource planner and the training coordinator will help us reduce contractors. The casual plant operators, we will be reducing overtime.

Speaking to the positions proposed for 2026, the northern maintenance electrician will help us reduce both overtime and contractors. The manager of warehouse will help us reduce contractors. The apprentice mechanics, plant operators will help us reduce overtime. The permitting and monitoring coordinator will help us reduce contractors.

The people and cultural general list will help us both reduce overtime and contractors. The infrastructure coordinator will help us reduce contractors. The electrical engineer will help us both reduce overtime and contractors. The junior drafts person, contractors will be reduced. The project coordinator will help us reduce overtime and contractors.

As it's proposed for the additions of 2027, the electrical job planner, the corporate administrative assistant and the T and D engineer in training will help us both reduce overtime and contractors. And the director of business services will help us do the same in reducing overtime and reducing contractors.

Thank you. Happy to answer any questions about a specific role at this time.

A. MR. EPP: Madam Chair, if I could just even expand on the answers provided by Ms. Cunha and Mr. Milner, we have more work to do on our to-do list than we can actually get done. Even with contractors we aren't going to get done the amount of work that we would like to. We have to prioritize our work.

If Paul could give you the number of work orders outstanding in asset management. Our engineering department itself, they have provided a projection of the estimated hours of work required, which is 18,000. The sum of hours if you take all the employees is 12,000.

So there is constant backlog of work to be done, so you will see rising costs until the work gets done.

Q. Ms. Cunha, you mentioned the different positions and the -- how some will reduce consultants' costs and overtime and in some cases just overtime, and I was wondering if YEC has done any analysis as to the magnitude of reduction that it expects in those type of costs, aside from additional work, but when looking at adding these positions, what did you look at or what magnitude?

So for example, did you think that it would reduce it by, you know, overall 10 percent of consultants' costs, 20 percent? Just to give us an idea of why YEC has decided to add FTEs as opposed to continuing with contractors or with overtime hours.

A. **MS. CUNHA: Yeah, absolutely. You know, when we looked at the positions that have been proposed, we looked at real life examples, so for example, the electrical technologist, when we have a project and we require to have this contractor come on work on the project, there are instances that we could be spending hundreds of thousands of dollars in two to three months on work.**

**So for us knowing that that type of work is work that we're going to have for the foreseeable future, the fact that we can have a cost savings of employing a staff in the short-term within four months rather than paying a contractor who would have to come repeatedly**

**to do that type of work, is the type of analysis at a high level that is done when we can have these gains as well as to find the opportunity to have that specialized skill set here in the organization rather than relying on contractors that, you know, come and go, is certainly one of the things that we look at.**

Q. And so just to follow up, is there any type of financial savings in total? I'm not asking for, you know, broken down by position, that YEC is expecting if these FTEs were approved? What type of -- or what magnitude of savings would -- could the Board expect to see in the next GRA when it comes to avoided costs for overtime and consultants in relation to the type of work that these positions do?

**A. MS. CUNHA: Madam Chair, we'd be happy to take that as an undertaking to provide a more specific type of number, but I do want to stress for the Board is that, you know, when we look at the type of work that's coming and the return on investment that we can get, when we can have a full-time employee available to do that type of work at a fraction of a cost that it might be for a contractor to do on an annual basis, those are the types of decisions and thought processes that we consider when we're making these types of decisions.**

Q. Thank you. Now, in Exhibit 1-A, the application, at

PDF page 73, YEC discusses YEC's split of labour between capital and maintenance costs as being based on best estimates for each employee's time to perform their job functions.

Is that -- am I stating that correctly?

A. **MR. EPP: Madam Chair, can the specific line be referenced?**

Q. Yes. I was looking at line 26 and then on to the next page, so in addition to factors affecting labour listed above, the capital and maintenance forecast allocations also impact forecast labour expenses Yukon Energy estimates percentage of time each position will spend on capital and noncapital works.

This assessment is based on past experience as well as expectations of -- for the coming year, so that's where -- and then it goes on, on that page 73, that that's what I'm referring to.

A. **MR. EPP: So I think you're looking at then page 74 as opposed to 73?**

Q. In my notes I have 72 and 73, but I'll -- where ever on the range of those pages that YEC discusses the -- how it estimates employee time between capital and maintenance costs?

A. **MR. EPP: So Madam Chair, yes, each budget owner takes a look at their employees and on an**

**individual basis looks at the work performed and determines best estimate of capital and noncapital work as well as overtime relating to each portion expected.**

Q. All right. And then if I can take you to Exhibit 4, your response to YUB-39A at PDF page 209 in lines 1 to 4: (as read)

"YEC further clarified that it does not propose a capital to maintenance allocation but that the percentages is simply a resulting statistic that's based on a detailed labour budgeting exercise."

Is my understanding of those statements correct?

A. **MR. EPP: Yes, that is correct. And to clarify why we sort of worded it this way is, in the past it seemed like the Board was thinking, oh, we should have an 80 percent or 20 percent ratio, and that's what we set, but it's not that.**

**We actually -- like we said, we go the other way, we build the budget up from an employee, and the result is a percent that is 21 percent. It's not that we say let's have a target of 21 percent and then allocate employees that way.**

Q. Then can you confirm that it's a forecast that's built into the revenue requirement? So that you're saying --

I understand what you've said about the percentages, that it's not exactly what -- that the percentages are only information purposes, but you're building into your -- these forecasts of how it would be allocated between maintenance and capital into revenue requirement. Is that correct?

**A. MR. EPP: It's correct that we do it on an employee-by-employee basis and then it builds up into the total numbers.**

Q. And is that based on a forecast or past experience? That's what I'm trying to understand.

**A. MR. EPP: I'd say it's a combination of both. It's a forecast, yes, but the budget owner who sets the forecast will likely take into account history.**

Q. All right. Thank you.

Now, going to Exhibit 4, YUB response YEC's response to YUB 43 at PDF page 220, there's a table there that details YEC's board of director costs into categories. So you'll see the table.

Now, looking at the last row of information headed "Yukon University Research Grant," can you provide me with more detail for that expense item, and specifically how these costs are necessary for the purpose of providing utility service to YEC's ratepayers?

A. **MS. CUNHA: The contribution that's being noted from the board of directors is a contribution that is paid to the Yukon University research hub on energy, Dr. Ross's specific group. This is a division of the university that conducts specific research on behalf of the electricity system for the entire north.**

**Some of the most recent examples of how this is directly assisted the utilities here in the Yukon is that Dr. Ross and his team have provided and done research on the impact of EVs and distributed energy resources on the electricity grid. They also do research on a number of different of how to integrate solar and wind and other intermittent renewables into the power system.**

**There are a number of examples that we can certainly bring forward, but the core purpose of this research group is to assess the current demands on the electricity system, the upcoming trends, and to share information with industry and government in a nonpartisan, unbiased way, to help the north be able to provide reliable and affordable electricity to its customers.**

Q. And so then if you can summarize, what would be the benefit to ratepayers?

**A. MS. CUNHA: That Dr. Ross and his team of students are doing the work, one set of work that benefits, in our case here in the Yukon both ATCO Electric Yukon and Yukon Energy. So instead of both utilities having to do independent work, we have a nonpartisan third party research group that is doing it on behalf of both.**

Q. Thank you. Now, a couple of rows a little higher in that table, if you can just explain what's entailed in each of the categories identified as CEO evaluation and director evaluation?

There's costs there, so we'd like more detail about what those costs entail.

**A. MR. MILNER: Madam Chair, Chris Milner, Yukon Energy. So those specific line items are related to the evaluation of the CEO, which is the Board's employee, and so you'll see them on a -- they're in there annually as the costs related to that. The director evaluation is the actual board itself, the evaluation costs and the recommendations for moving forward.**

Q. And who would be conducting these evaluations? Is this like a contractor or -- and the need for them? Again, looking at the -- are they necessary for the purpose of providing utility service, so that if these costs are -- should be through the revenue requirement to ratepayers, then I guess if you can just explain who does that and the cost attached to it and the need for them?

A. **MR. MILNER: Madam Chair, Chris Milner again. So the work is delivered by usually a third-party consultant. I think in all cases it's a third-party consultant for both the evaluation and the director evaluation.**

**I mean, it's a standard part of a -- of making sure that both the Board and the CEO are meeting expectations and performing according to their role, and I think that's critical to supporting a -- the provision of electricity in the Yukon.**

Q. Thank you.

Now, if you can look at Table 3.9 the application, so and that would be at PDF page 84 and 85. So and that's specific to information systems, and so there's a table there, 3.9, and I'm -- what I'm interested in is the customer accounting line and information systems line.

So those costs and their forecasts within YEC's overall administration function is shown in Table 3.9. Now, first, looking at the costs category of information systems, I'd like to better understand the change between 2024 approved costs of 1.441 million and the 2025 forecast of 1.715 million, which is an increase of 0.274 million, so if you could just first address that, that increase of why such an increase is forecast?

**A. MS. CUNHA: Madam Chair, Stephanie Cunha. Mr. Epp was helping me by identifying that we did answer some of these questions, so some information is available to the Board on page 85 of that same exhibit, but certainly happy to speak to the specific increase of just under $300,000 in the information systems category of that.**

**The reason is for two main reasons: one is two-thirds of that is due to increases in CRTC regulated costs for Northwestel, so as you can imagine a key part of our IT costs are the connections and the communications hubs between our Whitehorse headquarters and all of the different plants and communities and facilities that we serve and that we own.**

**As part of that, we pay, so that way if there is an issue, Northwestel has mandatory response times to us, so we pay a fee each year, so that way when there's a problem and we call Northwestel, there's mandated services that they have to respond to. That allows us to provide quick and reliable service to customers if**

**in case that communication link is down.**

**There was a $200,000 increase in those costs and those costs were regulated by the CRTC and therefore passed on through Northwestel to us.**

**The other third of that increase comes from additional cost from having additional staff and additional software that's required for us to be completing the work that is necessary, both from a per head perspective as well as the complexity of our business and the different types of software and applications that are required to operate the business.**

Q. So then we've talked about the 274,000 increase in forecast, but I'm trying to understand then on PDF page 85 as well, the application identifies an increase of 365,000 offset by some savings, and can you confirm that each of the infrastructure data circuit and back-up internet communications. You've mentioned software licensing costs are now forecast each to be 555,000 per year.

I'm just trying to understand the -- in relation to your answer to my first question, these additional 300 -- or what seems to be 365,000 for -- identified for these different areas of information systems.

Or am I -- I guess I'm trying to understand, is it just the 274,000 we're talking about or is it in addition then there's another 365,000?

If it's helpful, I mean, what I'm looking for is confirmation and an explanation if each of the infrastructure, data circuit and back-up internet communication and software licensing costs are forecast to each be 555,000 per year for the test years?

A. MR. EPP: **Madam Chair, the net change to the information systems department is 275,000. It consists of multiple accounts that go up and down, of which Ms. Cunha has mentioned the most -- the largest components of, but the net result is 275.**

Q. So again, just to be clear, then it's not a forecast for each of the years to be -- or are you saying it's 555,000 each year then for each of the test years, and then we add in the 274,000?

I'm just trying to understand, like, how the two numbers relate.

A. MR. EPP: **The forecast for software licensing fees in 2025 only is 555,000.**

Q. Okay. And what about the other two test years?

A. MR. EPP: **Madam Chair, I believe for the most part the budgets -- the forecasts for the test years, 2026 and 2027, for information systems for the most part has an inflationary increase of 2 percent.**

Q. Thank you. But I guess would -- if I focus in on the -- each of the infrastructure, data circuit, and back-up internet communications, are those costs now forecast to each be 555,000 per year?

I'm trying to focus in on what those specific costs for those items, infrastructure, data circuit, and back-up internet communication?

A. **MR. EPP: Madam Chair, without going into the specific -- looking into the details of it, 555,000 for software licensing and 555,000 for infrastructure data, et cetera, that are in 2025.**

**In 2026 those amounts would be increased by 2 percent and another 2 percent in 2027.**

Q. Thank you. Now, looking at your response to YUB-43A in Exhibit 4, if you look at the bottom of PDF page 221 and then the top of PDF page 222, in the part A response, which asks why customer accounting costs in 2023 and 2024 were lower than approved, YEC stated: (as read)

> "Customer accounting actual costs were lower in 2023 than approved for the same period because the 2023-approved amount assumed a large cost to implement the new customer billing system, which did not occur."

And then for 2024 you state that: (as read)

"They were lower than expected costs for the new customer billing system, less travel performed than expected by supervisor and a vacancy of the metre-reading position resulted in less travel costs."

And then in part B on PDF page 222, YEC states: (as read)

"Customer accounting expenses are forecast to be lower in '27 compared to 2024 approved cost as Yukon Energy has locked in a service agreement with a new billing system that is less than previously estimated."

Now then, can you confirm that the large cost to implementing the new customer billing system which did not occur in 2023 did take place in 2024 and is included in the 2024 actual costs?

**A. MS. CUNHA: Stephanie Cunha with Yukon Energy. So I will be specific that there was -- we use -- Yukon Energy uses for efficiency purposes and for in the best interest of not duplicating costs with ATCO Electric Yukon is that we use ATCO Electric Yukon's billing system. This allows for cost efficiencies and for that ratepayers are paying for one billing system rather than two. As I believe was provided in evidence in**

**previous years is ATCO Electric Yukon had a new billing system, which was implemented in the summer of 2023.**

**As part of that, there were both capital costs as well as expense, operational costs, that Yukon Energy expected to incur. So we would expect to incur some capital costs, which are included in the '23/'24 projects lists.**

**The O&M costs specific to that project where there was an enormous amount of review of customer accounts, billing systems, before you make the migration from an old billing system to a new, we knew that we were going to have spend time and contractor costs to review all of the different accounts to make sure that there was appropriate reconciliation. That was what was budgeted for 2023. We were able to do that at a lower cost than expected, so that is what is referred to as the savings in 2023.**

Q. So then are you saying that then it wasn't the costs that you were able to do it at a lower cost in 2023 did not move into 2024? Like, basically there wasn't a slip because you weren't able to do the work in 2023 -- do the work in the sense of the migration and that.

If I understand you correctly you said you did all that, but it was just at a lower cost than you had forecast, and the 2024 did not encompass the 20 -- what was forecast for 2023. You did all the work for 2023 and 2024 is just what 2024 is forecast. Am I reading that correctly or understanding you correctly?

A. **MS. CUNHA: That is correct. And maybe to provide clarity as was referred to as line items 1 and 2 of Exhibit 4, 222, where we refer to lower than approved costs in 2024 for the new customer billing system, so as you can imagine, with the new billing system came contract negotiations for the ongoing annual subscription fee that Yukon Energy pays ATCO for the ability to use that billing system, and that price that we were able to negotiate with ATCO Electric Yukon was lower than we initially anticipated, so that speaks to the 2024 savings that are referred to in line items 1 and 2.**

Q. So then the lower costs for 2024 then relate to the new contract at a lower rate as opposed to the cost -- the ongoing cost saving from '23. Is that correct?

A. **MS. CUNHA: That is correct.**

Q. Thank you. Now then, why is it then that the forecast costs for 2025 aren't lower than the 2024 actual costs? What's driving the increase between 2024 actual costs and 2025 forecast costs, seeing that you just said that you have now an agreement for the billing system?

A. **MS. CUNHA: For sure. So the billing system**

**is only one aspect of the customer accounting line item. That line item also includes the costs that we incur for our metre reader to travel to the different communities that we directly serve as a distribution company for their per diems, as well as for accommodation costs when they are in those communities. So you can imagine that reading metres in Mayo takes more than a single day, so the metre reader has to incur costs for that.**

**The reason why those costs specific to metre reading were lower in 2024 is that we had unexpected -- an unexpected illness of our metre reader which led to several months where -- a couple months where they were unable to read the metres and therefore saved in travel, as well as there was an unexpected departure of that position later that year, which also reduced travel costs.**

Q. Thank you.

THE CHAIR: Ms. Bentivegna, in terms of your line of questioning, would it make sense to take a break here?

MS. BENTIVEGNA: Yes, Madam Chair.

THE CHAIR: Thank you. We'll take a break.

THE CLERK: Order. This hearing will stand adjourned for 20 minutes.

(ADJOURNMENT)

THE CLERK: Order. This hearing is reconvened. Please be seated.

THE CHAIR: Ms. Bentivegna, are you ready to recommence?

MS. BENTIVEGNA: Yes, I am. Thank you, Madam Chair.

Q. MS. BENTIVEGNA: So this question goes to information that was provided by YEC on September 29th, 2025, regarding the Rider F Quarter 2, 2025 quarterly report, and you'll note that that's Exhibit 7 and 7-A.

Now, in this report, the utility stated because it's both YEC and AEY, the FPVA Rider F account balance is 5 million owing from customers, exceeding the plus or minus 200,000 -- or 0.200 million threshold set by the Board.

However, the FPVA balance is impacted by the fact that the fuel price variance for 2025 for YEC are calculated using the last approved fuel prices and efficiencies from the 2023/'24 GRA while the current 2025/'27 GRA with the '25, '26, '27 test years are still under review by the Board.

About 4.4 million out of the 5.1 million is 2025 fuel variance it says for YEC. And then the utility's provided a table, which is Exhibit 7-A, and there's notes there too, and referring back to the Appendix A in order, Board Order, 2011-15 at PDF page 16, the Board stated: (as read)

"To mitigate the Board's concerns regarding swings in the balance of the DFPVA the Board directs the company as follows: when the balance in the DFPVA approaches the 200,000 threshold, the companies must inform the Board and interested parties of the company's intention to implement a Rider F rate change to address the outstanding balance."

Now, my first question is, if you can explain why the balance in the DFPVA at the end of 2024 was not dispensed in accordance with the direction, that direction in Board Order 2011-15.

A. MR. EPP: **So, Madam Chair, the last Rider F change was on April 1st, 2025, when it was changed to 0 cents per kilowatt hour. Since then there has been no Rider F, and based on our forecasts -- or then we basically submitted our general rate application, and knowing that there's going to be changes resulting from the Rider F and the request for new fuel prices, until we know what the approved fuel prices are going to be,**

**we've considered it appropriate to not do any rider until that updated balance was known, which won't be known until after your decision letting us know what the approved fuel prices are starting January 1st, 2025.**

Q. Thank you.

Can YEC provide a breakdown of the DFPVA balance, the 5 million, that accrues -- the part that accrues to YEC. Like, do you have a breakdown of what accrues to YEC and what accrues to AEY?

**A. MR. EPP: Madam Chair, the response to that question is in Exhibit 7-A.**

Q. And what would that -- sorry, and what would that be?

**A. MR. EPP: Can you have Exhibit 7-A brought up on the screen.**

**Of the $5 million balance of June 30th, 2025, the amount owing to YEC was 5.163 million based on the unapproved rates for 2025.**

Q. Thank you. Now, is there an effect from this balance in the DFPVA on YEC's working capital calculations?

**A. MR. EPP: Madam Chair, no.**

Q. Thank you. And then my last question on this, is so this morning we mentioned this under -- or you undertook to provide updates and with the changes to revenue requirement and due to changes in projects.

Now, could you also include in that undertaking what the incremental effect on customer rates, if all things being equal, YEC is to collect 5 million balance in the FPVA during the test period?

A. MR. EPP: **Madam Chair, if we assumed approval of the fuel prices as YEC has submitted, the change in the low water -- or in this Rider F balance would go from the 5 million down to 1.9 million.**

Q. And what would -- or if -- as I said, if you want to provide it as part of the written undertaking, what would the impact be of that balance, the 1.5 on customer bills? That's what I'm looking for.

A. MR. EPP: **Madam Chair, we can provide. It would be based on how the directive is to treat the balance at the end of this proceeding, whether it is assumed to be part of the true-up or is there a directive to not include it as part of the true-up and include it as a separate Rider F going forward.**

**So those are the options that can be done.**

Q. Certainly. If you could provide those, that would be very helpful.

**UNDERTAKING - TO ADVISE WHAT THE INCREMENTAL EFFECT ON CUSTOMER BILLS, IF ALL THINGS BEING EQUAL, AND YEC IS TO COLLECT THE $1.5 MILLION BALANCE IN**

**THE FPVA DURING THE TEST PERIOD**

Q. MS. BENTIVEGNA: And that would be -- can be unless you want this as a new undertaking, that can be part of the previous undertaking on updating the revenue requirements?

**A. MR. EPP: Madam Chair, I think we would provide separate undertaking responses.**

Q. Sorry, Mr. Epp, I didn't hear that last part?

**A. MR. EPP: We would provide separate undertaking responses to fully answer the question --**

Q. All right.

**A. MR. EPP: -- clearly.**

Q. MS. BENTIVEGNA: Thank you.

Now, moving back to O&M costs, now I'm looking at the SCADA in Exhibit 4, the response to YUB-42D at PDF page 217. YEC was asked: (as read)

"With respect to SCADA communication costs, please explain the lower 2023/'24 actual costs compared to the '23/'24 approved costs."

And that was D, and then in E: (as read)

"What justification can YEC provide for the 2025/'27 forecast SCADA communication costs given the significantly lower actual 2023/'24

costs as compared to the '23/'24
approved costs."

And at PDF page 219, YEC stated in response to those two questions: (as read)

"Yukon Energy has invested in
communication assets such as fiber,
thereby reducing payments to third
parties such as Northwestel and other
satellite services. The 2025/'27
forecasts are consistent with the '24
actual results."

So can you tell us when YEC became aware of its intended investment in communications such as fiber?

**A. MR. EPP: Madam Chair, I would say we have an ongoing assessment of that every year.**

Q. So then is there a business case for this capital investment where the expected benefits in terms of reduced O&M costs such as the ones achieved by YEC and related to SCADA communication costs?

**A. MR. EPP: Madam Chair, there would have been a business case internally. I don't know offhand whether the cost of that capital project exceeded the threshold and therefore was provided as part of the detailed application.**

**I would assume it would have been less than the**

**$400,000, so there was no detail provided and I don't know which year it was in offhand either.**

Q. So then if I understand you correctly, there was no project identified in a GRA as such or business case in support of it where there were forecasts included and any benefits in terms of reduced O&M costs in YEC's forecast revenue requirement?

**A. MR. EPP: No, I would not say that. We would have to look into the previous applications and this application to see what has been prepared.**

Q. So then, Mr. Epp, can you undertake to find us where in the previous GRA that was discussed and what the justification for this ongoing investment are referenced?

**A. MR. EPP: Yes, we can, and just to be clear, when we say "ongoing investment," there are different sections that are analyzed for whether fiber is appropriate to add, so there may have been multiple situations on this in the past.**

Q. Okay. Thank you.

**UNDERTAKING - TO PROVIDE WHERE IN THE PREVIOUS GRA DISCUSSED PROJECTS IDENTIFIED OR BUSINESS CASE IN SUPPORT OF WHERE THERE WERE FORECASTS INCLUDED AND ANY BENEFITS IN TERMS OF REDUCED**

**O&M COSTS IN YEC'S FORECAST REVENUE REQUIREMENT**

Q. MS. BENTIVEGNA: Now, in terms of the '23/'24, it appears that YEC recovered its approved O&M SCADA cost in the amount of 334,000 through rates, while incurring less than $160,000 in costs; is that correct?

A. **MR. EPP: Madam Chair, I will say that that is correct, yes, and that is specific for that one specific line item, and we recognize that some actuals will be higher than forecast, and others lower.**

**Our approach is to manage these differences across the organization, balancing averages -- overages of savings to meet our overall financial targets. This reflects responsible financial stewardship and ensures ratepayer interests are protected.**

**And just as a -- yes, we can pick on one line item, but when you look at the overall results, if you look at Yukon Energy's return on equity for the past 10 years, five of those 10 years we have met or exceeded the approved ROE and five of the years we have been under the ROE.**

**So overall we are meeting the financial targets, and yes, there's going to be variances each year, but overall, we are really in line with what is proposed in the applications.**

Q. Now, can you think of any capital projects in the current 2025/'27 GRA where reduction to O&M costs are expected to be realized but have not been forecast or reflected within YEC's revenue requirement?

**A. MR. EPP: I think I followed your question, and we see a reduction in our 2025 expenses, for example, in insurance. Lower than what we had submitted in the application because of after the application was submitted, we had our annual renewal package completed and retendered and resulted in a higher premium, but that resulted in lower than expected expenses in that revenue requirement.**

**So our application for insurance is showing an amount where we now forecast the insurance cost to be less than that. What you -- what you also don't see though is there's a bigger picture there, and we now have a really high insurance deductible. We've gone from 1 million to 5 million, and to mitigate the risks going forward, we have four specific projects that I can think of that I know of that we have commenced in 2025 so that our insurance claims in the future are less, and those four projects are not included in the application.**

Q. But in relation to capital projects, is there any that you can think of where there might be a reduction in

O&M costs but that haven't been forecast or reflected in the YEC revenue requirements?

So I'm focusing on capital projects.

A. MR. EPP: **I'm just looking in my notes to find those -- but those are -- the four capital projects I mentioned are resulting in lower expenses, and they are not in the application.**

Q. I just -- I thought I heard that you were talking about those four projects in reduction to insurance expenses going forward, but I'm thinking capital projects that you have in your revenue requirement for the test years.

Can you foresee any reduction in O&M costs?

A. MR. EPP: **Madam Chair, one example that I can think of offhand of capital project that we have in our application is our hazard tree or danger tree capital project. With the implementation of that, we should see less outages in the future, which would result in as -- with all else being equal, which should result in less operational costs to deal with those outages.**

Q. Now, can you confirm or tell me if there's been any type of efficiencies experienced related to PAMMS project and whether those efficiencies have been reflected in the current 2025/'27 GRA, so I'm thinking, for example, Appendix 6.1 in YEC's application seems to indicate that there have been some progress but don't have the data yet.

Any efficiencies -- so data yet on any efficiencies from PAMMS, but I'm wondering if you have -- if you can tell me whether any type of efficiencies have been experienced resulting or related to the PAMMS project, and if so, why or why not?

**A. MR. MILNER: Madam Chair, Paul Murchison. As we continue to advance PAMMS, and I would refer to it as our overall asset management program, I would say what we are -- the way we're moving is to continuing to have a better understanding of the investments that we need to make within Yukon Energy, and in -- there's a tandem -- we can see differences in our capital plan now than previous GRA where we have numerous projects directly derived from asset management plans that we have within YEC.**

**So the protection and control work, there is a number of line items there that are work being derived from our asset management plans within our asset management system.**

**Additionally when you look at how we're advancing our transmission line program, that's reusing additional data through our testing tree program to**

inform pole replacements beyond just, you know, the age-based categorization but actually condition, pole condition to help inform and prioritize pole replacements within our transmission system.

Also within the -- sorry, if you look at the operational side of the business, getting more data on work orders and we're having work orders within our system and that's within the enterprise asset management system.  It certainly helped -- by helping us by better understand the work that needs to be done and tracking that.  You know, there was a discussion earlier today, and when we look at sort of the backlog of work within enterprise asset management, we currently have about 16,000 of hours of work backlogged within EAM.

So it is difficult, I think at this stage to provide say a number of what the benefits are, but I this think you're seeing benefits from our program coming into this submission and the information that we have informing the work that we're doing from both a capital perspective and an O&M perspective.

Within our asset management program additionally I'd like to sort of indicate some of the key foundational issues that we have got in place that support the continuation and the continued involvement of that asset management program, being an asset management policy, strategic asset management plan, current work to develop an asset management road map to continue prioritizing asset management investments and advancing that program into the future.

Q. Thank you.

A. MS. CUNHA: Madam Chair, if I may be just elaborate and I thank the Board for their indulgence as I was trying to find all the projects in '25 and '27 and by no means is this meant to be exhaustive but at a high level I would say that, you know, projects that we have in the '25, '26 and '27 test years that will add dependable capacities will reduce our reliance and expense on rental diesels each year.

So for example, I think of the thermal replacement program and the battery and the Whitehorse Power Centre. You know, by adding these install dependable capacity resources that help us, you know, meet winter peak demands for power with, you know, permanent, locally-installed facilities allows us to reduce our reliance on rental diesels, which is an expense each year. So just at a high level, those type of projects are capital projects that then help to lower O&M.

Another one that comes to mind is the project that we have for AMI, so the automated metering

**infrastructure. You know, the business case really is centred on being able to provide customers with accurate billing without having to manually read metre readers -- manually read metres both on a monthly basis, but also, you know, with AMI we save on the truck rolls and the time that is required if we have to do a check read on a metre or for example if there is a cut off for nonpayment or a reconnection or a disconnection, you know, that all right now is O&M expense in one way or another, so with the installation of AMI over time, that is an O&M expense that we see would an efficiency gained.**

Q. Thank you for that additional clarification. Now, going back to you, Mr. Murchison. In general, do you expect better condition assessment? So condition of your assets to increase or decrease capital replacement and upgrade expenditures as compared to historical levels back in relation to the asset management's system?

**A. MR. MURCHISON: Paul Murchison. Madam Chair, just to make sure I understand the question, it's a question as to whether or not improved information on asset condition driving increases in capital expenditures. Is that correct?**

Q. Either increases or decreases.

A. MR. MURCHISON: So I think -- yes, so thank you for that question. The response is that it will drive a better understanding of condition, and I would say what we're seeing is more -- we're starting to see better informed decisions about those capital investments and better understanding of the risks that we would take as we make capital investments. So when we look at the development of our capital plan, we are driven by available financing and therefore when we develop our capital plan, we do have a prioritization process that we use to prioritize projects.

So yes, I think we'll see better information, but we'll continue to see better information on asset condition informing our investments in our assets, and then that better prioritization leading to the higher priority projects being addressed.

But I would -- generally I would say yes, what you see now is much of the work coming into our larger capital program, it's being driven by some of the better understanding that we're developing in relation to condition of our assets.

For example, we have a transformer replacement program that's in place. That's being driven by a transformer asset management program. So yeah, we're starting to put more investments into our capital

**program as a result of that.**
Q. Thank you. Now, looking at your response to -- in Exhibit 4, YUB-64 at PDF pages 349 to 351 on vegetation management and brushing.
So in looking at that response, the YEC explains that it spent less than approved in the year 2024, and indicated the reasons that it -- that included that there was no 2024-approved spending cap for capital brushing, and there was a YUB Board Order directing the expensing of vegetation management plan, both of which resulted in less funds being available for O&M.
And then on page 351 at the bottom section of this page, there's a table entitled "Correlation to Table 3.61," where we see the final actual costs for D and T were 72,000 less than approved.
Now, when were the preliminary actual 2024 numbers of 1,585,000 available?
A. **MR. EPP: Madam Chair, I believe we would have forecast those results in early January.**
Q. And at that time then you had not recorded the expensing of the vegetation management plan, even though it was known -- it was a known YUB Board Order direction that was issued in July of 2024.
Am I correct in my understanding?
A. **MR. EPP: Yes, that is correct.**

Q. So then can you explain the relevance of YEC's statement of having no approved spending for capital brushing to the O&M brushing costs incurred by YEC in 2024?

A. **MR. EPP: Sorry, can you point to the question -- or the line that you're requesting?**

Q. Yes, I was just reading that. So if you look at PDF page 349, that IR response, where you provide the two numbers, but then it says: (as read)

> "Sufficient budget available to spend the full amount as recommended by ATCO. The 2024 -- "

And that was starting at line 2: (as read)

> "The 2024 approved total brushing expense was only 1.339 million as compared to the ATCO recommendation of 1.756 million.
> In addition, there was no 2024 approved spending for capital brushing.
> Furthermore, as per Board Order 2024-05, Yukon Energy was ordered to expense the vegetation management plan at a cost of 233,000, which also resulted in less funds being available for O&M.

In summary, the total 2024 brushing expenditure was $72,000 less than the 2024 approved."

So that's where I'm -- that's the statements I'm trying to understand.

A. **MR. EPP:** **Thank you. Madam Chair, my memory may fail me a little bit here, but if I recall the forecast for the brushing expense was at the -- for the end of 2024 in the preliminary actuals was high, and therefore we thought that we had no budget available.**

**When the actual work was completed and the invoices received, it was less than that. So the change regarding the 2023 cost is a separate comment.**

Q. So then I guess maybe you're not understanding me. So I'm just wondering what the relation is to the statement, that YEC statement of having no approved spending for capital brushing.

I guess that's -- in relation to the statement that the O&M brushing costs in YEC in 2024. So I'm just trying to understand what you meant by "no approved spending for capital brushing"?

A. **MR. EPP:** **Okay. Thank you. It perhaps could have been in a different paragraph to point out that it's a separate issue, but just pointing out that there was no approved spending for capital brushing in**

**2024, therefore, we did not do capital brushing in 2024.**

**But that's a different issue than what I was getting at regarding the brushing expense.**

Q. All right. Thank you. So just to followup a little bit on that, does this response, your response in the IR, support YEC's spending less brushing money on the O&M side than was approved by the YUB in 2024 or are the two issues separate, the capital budget and the O&M spending?

**A. MR. EPP: Regarding the O&M spending, we were under spent by $72,000 overall, and part of the reason was we had forecast more work to be done in 2024 than was actually completed.**

Q. Thank you. Now, again just help me to help me clarify. Now, where YEC indicates that it expensed an additional 233,000 in vegetation management plan costs, intuitively if there was brushing work budgeted and planned to be done and YEC had an unplanned YUB directive expense of 233,000, wouldn't those additional costs put YEC over the approved brushing forecast rather than under it?

So that's what I'm trying to understand, how --

**A. MR. EPP: Not if -- yes. Thank you. Not if the original forecast was out by, say, $500,000. The**

**forecast would go from a certain amount down by**
**$500,000 plus the 223 to get the end result.**

Q. Thank you. So then would I be direct in my understanding that related to the -- related to 2024, the response seems to imply that within the brushing forecast approved by the Board that YEC can -- has some latitude in determining how much to spend on brushing in a year, and this is what dictates the work to be done.

Is that -- is my understanding correct or not?

A. **MR. EPP: Madam Chair, I think the amount of brushing in any year, just like any other expense, is subject to a number of circumstances, available budget overall is one consideration, yes.**

Q. How does that align with the necessity to undertake brushing activities for service reliability and safety reasons?

A. **MR. EPP: Madam Chair, we want to do -- we would love to do more brushing than we are approved for, but sometimes a situation doesn't allow for it.**

**For example, in 2024, I believe one of the comments we already provided was we didn't get to work in the winter 2024 because the environment, and I can't remember the specific details, but the weather wasn't cold enough, the ground didn't freeze, so therefore the**

**brushing could not be completed.**

**So there's a lot of considerations, but in general, yes, we would love to spend more money on brushing because that would help the reliability, and that's why we are adding the capital brushing programs in addition to the O&M.**

Q. Thank you.

**A. MR. MILNER: If I may, Madam Chair, Chris Milner. Just to add some context to the bigger picture around brushing and just because you mentioned the importance of it, in terms of the safety and reliability aspect to it. And I think that's why over the next -- in this test year period, we're looking at a multiyear plan and a larger procurement process that allows for some consistency, as opposed to annual approval of the plans and annual work plan that way, having a multiyear schedule, having a larger contractor load to a single supplier and that would allow for sort of these variabilities in weather and timing to just -- it just mitigates that risk a little bit, so you're bang on.**

**It's a huge thing in terms of reliability and safety, and in fact in low water years, even more critical, because of the split grid nature and the class 1 vehicle's requirements, so it's certainly**

focused on brushing and tree removal in the corridors is a focused area for those reasons.

And we'll see some process of improvement moving forward approaching some multiyear contracts and hopefully some value to some customers and some safety and reliability metrics being improved on that side as well.

A. MS. CUNHA: Madam Chair, if I could just provide some concrete examples, as Yukoners we would experience here is, you know, last year brushing really is field activity that, you know in the winter requires ground conditions as Mr. Epp noted, but in 2024 was a significant fire season here in the Yukon and for a number of different reasons, our crews weren't allowed to go into the different areas that might have been planned, either through a fire risk or EMO asked that, you know, we focus efforts elsewhere or that they themselves would do the brushing as a fire break.

So I only add that as the -- these are the real life kind of day-to-day things that are out of our control that might influence an expense such as brushing which is very dependent on the conditions of a specific year of a specific area that might be planned for.

So just to provide a bit of context of what were

**we were facing in 2024 as well.**

THE CHAIR: Ms. Bentivegna, would it be opportune to take our lunch break to 1:30 now or would it make more sense in terms of your questioning on this subject matter to finish the, you know.

MS. BENTIVEGNA: It would be opportune, Madam Chair, because I'm starting a new topic.

THE CHAIR: We'll take a break then.

THE CLERK: Order. This hearing will stand adjourned until 1:30 p.m.

(PROCEEDINGS ADJOURNED AT 12:10 P.M.)

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PROCEEDINGS ADJOURNED TO 1:30 P.M.

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(PROCEEDINGS RECOMMENCED AT 1:31 P.M.)
THE CLERK: Order. This hearing is reconvened. Please be seated.
THE CHAIR: Ms. Bentivegna, are you ready to continue with your line of questioning?
MS. BENTIVEGNA: Yes, I am, Madam Chair. Thank you.
Q. MS. BENTIVEGNA: Now, I have an additional question on the brushing, just a clarification. When in your responses you were referring to capital brushing program, is this a reference to the program you call the tree -- the tree reduction and right-of-way widening program? Oh, sorry, hazard. Hazard tree reduction, excuse me, and to row widening program.
Is that what you consider the capital program? I'm just trying to figure out the difference between your capital program and your O&M brushing.
A. **MR. EPP: Madam Chair, yes, that is correct. The official term I believe used in the application is hazard tree and right-of-way widening.**
Q. Thank you. Now, with regards to your -- these

questions are with regards to your new capitalization policy, and YEC's proposed 1 million per year budget for studies related to capital projects.

So in -- I'll take you to Exhibit 4, YUB, your response to 45, question 45, at PDF page 229, and there YEC proposed that it would create a budget of 1 million for capital project studies.

YEC indicated that as of June 30, 2025, it had spent roughly 53,000 of the total 1 million forecast budget. Now, can you tell us where the actual spend for 2025 is at as of September 30th?

A. MR. EPP: **Madam Chair, as of September 30th the actual spending to date is 375,000 with a forecast of approximately 1.1 million to be expensed in 2025.**

Q. And seeing where we're at in almost the end of October, can you explain how you believe that YEC will spend 1.1 million where now spend is 375?

A. MR. EPP: **Yes. Thank you. So what happens with studies, for example, the -- often we don't get invoices until the full study is complete, so we don't get interim billings that show progress, so we likely -- we are expecting to get invoices near the end of the year for the entire work performed during 2025.**

Q. And is there such an amount that is due that makes you believe that you'll spend the 1.1 in the studies that

are being conducted?
So I guess I'm asking you to look at what you spent to date and what has to yet to come in for you to believe that that 1.1 million of what you're expecting as of you know your contractors and your study proponents and their invoicing?
**A. MR. EPP: As we have maximized our or we are more than subscribed to our $1.1 million budget for this year. We have finalized -- well as of right now we have our finalized list of approved capital projects internally for these studies and then each month, the project manager in charge of that study provides an updated forecast and as of September 30th the official forecast is 1041,000 -- 1.041 million, and that is done by the project manager for each of the projects.**
Q. And how accurate do you believe that forecasting to be?
**A. MR. EPP: Accurate.**
Q. Thank you.
Now, can you explain what the dividing line is between study costs that can be -- that are treated as part of the operating expense as per section 3.3.5.1 proposals and the types of studies that would be charged to specific capital projects? I'm trying to get an understanding of how you determine ...
**A. MR. EPP: Can you say that one more time,**

**please.**
Q. Sure. I'm referring back to your section 3.3.5.1 of your application, the GRA, so for example, for costs for consultants' reports of various sorts that YEC does not consider to be within the scope of the early stage reports that are contemplated in section 3.3.5.1 proposals and then looking at how you determine what study costs are treated as part of operating expense through that section, 3.3.5.1 and the type of studies that would be charged to specific capital projects, how you determine where the projects fall, on which side of the line the projects fall?
A. MR. EPP: **So just -- because there's a couple different ways we could go here. Are you asking for those projects that are not capitalized, how are they classified -- how is the decision to be classified as either O&M or capital project studies?**
Q. Was that your full answer or I didn't quite catch.
Yes, how is it -- how you classify whether it's O&M or goes to capital projects, and we're talking about the -- so you're starting with preliminary studies, then studies go on, so I guess I want from you is how you determine?
A. MR. EPP: **So we're learning how to do this as we go, but what the -- how it works is if we believe**

**the spending potentially could result in a capital asset, it's reported as a capital asset study.**
**If the expenditure would not result in a capital asset, we would record it as O&M.**
Q. And is this right from the beginning? So for example, as I said, you start with preliminary studies, I would imagine, and so right from the start you will decide whether it will fall towards a capital project, that that study may result in a capital project, and if not, then it's O&M.
Am I understanding you correctly?
**A. MR. EPP: Yes, that is correct. From the very beginning, we now have our controller and then manager of accounting review what the project is and decide on the appropriate accounting at the beginning of the process.**
Q. Thank you. Now, going to your response in Exhibit 4 to Question YUB 65, and those -- the response, and I will give you a more precise page that I'm referring to, but that response goes from page 352 to 413 the criteria for capitalization.
Now, in response to 65D at PDF page 355, YEC provided a typical accounting entry for a derecognized asset transaction.
Now, for our benefit, can you explain what the

term derecognized is describing in relation to a retirement of a utility asset, or do you have something more to add to that? I guess I'm looking at an explanation of what you consider when referring to the accounting entry for derecognized asset transaction.

A. **MR. EPP: Madam Chair, there's no specific meaning behind the word derecognized. It's just a term that we have used that's basically saying we are removing the asset from the books of Yukon Energy because there is no more asset being used, so it's ...**

Q. Maybe you can help me, so for example, and maybe it might be helpful, at page 355 at line 36 there's an example of accounting entry provided that shows 46,000 debit to loss on disposal.

So is that the type -- so are you saying then that that asset is no longer there, and there was a loss, and this is what is considered derecognized asset transaction?

A. **MR. EPP: Yes. So to provide a little bit more detail on the example, the way this asset would have been set up in the beginning would be -- and this is fun accounting now.**

**There's an asset set up for $63,000 at the beginning, a debit. We have amortized that asset over the years, and the accumulated depreciation of that**

**asset, since it was originally put in service was $17,000. So the net asset value at this time is $46,000, and at this time we learned that it was not working properly, so it was replaced. So it has been removed out-of-service, and this entry is to remove it from the accounting records.**

**So in the books at this time we had an asset, a debit of an asset, of 63,000, so we have removed it by a credit for the exact same amount. We had a credit of accumulated depreciation, so we did a debit of $17,000. As a result there is no longer any asset or any accumulated depreciation with respect to this asset in Yukon Energy books, and the difference, the $46,000, is a loss that Yukon Energy has incurred and is expensed.**

Q. Thank you.

And so then the 46,000 that we're talking about, the loss, it represents the net book value; is this correct?

**A. MR. EPP: Yes. It represents the net book value at the time the asset was written off, and this amount is not included in revenue requirement. It is paid for by the shareholder because it -- yeah.**

Q. Thank you.

And just another followup, so is that -- this loss on disposal, it's considered or represented as a

financial accounting journal entry. Am I correct?
A. MR. EPP: **Yes.**
Q. Thank you.
And I'm, again, just to confirm, that that $46,000 is not recovered in as a remaining capital cost. You said it goes -- it goes to the shareholders. Is that -- am I understanding correct?
A. MR. EPP: **Confirmed, because we did not predict it, it's -- it goes to our shareholder.**
Q. All right. Thank you. Now, in response to 65P in that same exhibit, YEC provided an Attachment 1 at PDF page 370 to 413 a copy of its GP Users Manual For Property, Plant and Equipment.
Now, can you explain when this manual was developed, what its development was based on, and for example, if it was from another jurisdiction or utility, and why it's still in draft form?
A. MR. EPP: **Madam Chair, this manual was first developed in approximately 2011 or 2012 when we transitioned from one accounting system to our Great Plains accounting system software.**
**As far as why it still has the words "draft copy" on it, I don't have a real answer for that. It's what is used. We don't have a final copy, official final copy.**

Q. And when you transitioned in 2011 or 2012, so I guess what was the development based on, like, of the manual? So just trying to understand where it came from. Like, I understand it was -- either it was developed before by YEC or -- but what was it based on?

A. **MR. EPP: Madam Chair, it would have been based on a combination of where the -- how the new accounting software works as far as account structuring, but as far as the details within account, it would have been a carry over of the previous users manual just with different account codes, so the actual description within the assets would not have changed significantly.**

Q. Thank you. Now, in that GP Users Manual For Property Plant and Equipment, on some pages there's the term "OL," which I assumed is related to YEC's approved service life; is that correct?

A. **MR. EPP: Madam Chair, I believe that is correct.**

Q. So it's, for example, at -- if you look at PDF page 372, it's used there. So I'm just wondering what the acronym OL stands for?

A. **MR. EPP: Madam Chair, I do not know that offhand. I would guess it's something like operating life, and I cannot provide confirmation that the**

**operating life as listed there has been updated for the more recent depreciation studies.**

**The amortization that we do calculate is in accordance with the approved depreciation studies.**

Q. And so when we look at hydro plant, for example, OL72 years or OL -- for reservoirs dams and waterways OL99 years, you believe that when it was drafted that was the service life, the average service life, but now that -- those have -- may have been updated through a depreciation studies.

Am I understanding you correctly?

**A. MR. EPP: Madam Chair, I'm not sure whether those are from the original document or not, but I can confirm that this actual depreciation is based on the depreciation study.**

Q. Thank you.

**A. MR. EPP: Madam Chair, if it is of assistance to the Board, the actual rates used are listed in the application in tab 7, Schedule 3A.**

Q. Now, just going back for a minute in talking again about the -- when we were talking about the derecognized and the loss, I believe it was the derecognized asset transaction, and we used the example of the $46,000 loss.

I wonder if you could explain what -- in the regulatory world rather than recording a write down or a loss on disposal of the asset, how does YEC go about recovering the remaining capital cost or net book value of the 46,000?

A. **MR. EPP: Madam Chair, Yukon Energy does not recover the $46,000 loss. As I said, that is paid for by the shareholder. To be more -- hopefully more clear on what happens, when I said the net book value of the asset minus the depreciation, the 63,000 less the 17,000, which also equals 46,000, that there then becomes an adjustment to the rate base, so that in effect removes it from recovery.**

Q. Thank you.

Now, with regards to again your capitalization policy in accounting, in Exhibit 4, the response to 65J at PDF pages 354 to 357, you were asked: (as read)

"At what point during an asset's physical construction is the asset capitalized into YEC's rate base? Are there or have there been any instances where a completed portion of a capital project was capitalized prior to the completion of an entire capital project?

If so, please explain."

And in the response, which you were responding to J and K, you state: (as read)

"An asset is capitalized in Yukon Energy's rate base and appreciation of an asset begins when it is available for use, i.e., when it is in location and condition necessary for it to be capable of operating in the manner intended by management. That is not specifically identified in Yukon Energy's accounting project policy; however, it is consistent with IAS 16 paragraph 55."

Now, in looking at that response I've just read, it's not clear whether YEC has a practice of capitalizing the assets related to some smaller completed portions of a project when the entire project has not been completed.

So if you could address that question, so is there -- does YEC capitalize or has a practice of capitalizing the assets related to some smaller completed portions of a project, even though the entire project has not been completed?

A. MR. EPP: **Madam Chair, yes, so when we look -- in certain situations. It depends on the project. If the project is just one single outcome, then it's likely only has one in-service date.**

**However, you can look at some of our capital projects such as -- well, an easy one is vehicle purchases. We have a capital project each year to purchase vehicles.**

**If we purchase a vehicle in March, that capital asset would be added in March. If we purchase another vehicle in December, that vehicle would get added in December. So it's -- if it can be broken down into smaller assets, it is.**

Q. And can you give me an example of projects where it hasn't happened? So you've just mentioned vehicles and how that can be discrete as vehicles are added, but would there be projects where you wait until the entire project has been completed and not capitalize portions of it?

**A. MR. EPP: Madam Chair, so yes, this is often the case, and I was just looking for an example in our application, so I just went to Table 5.8, which -- of our application which shows a bunch of all of our projects, and specifically I went to page 229, and near the bottom of that in that section there's a project called "WHS Westgate Refurbishment." The full amount of that project of 1.1 million would be capitalized all at one point in time.**

Q. And that would be when it was in service?

**A. MR. EPP: Yes.**

Q. Thank you. Now I'm going to turn to questions on your capital project and just for YEC's information, tomorrow then will be proceeding with the questions on net salvage, just so that you're aware.

Now, starting with your work-in-progress. Now I'm looking at your section 1.3 of Exhibit 2-A, and that would be the June 30th supplementary information submission, and it refers to a response to paragraph 52 of Appendix A to Board Order 2025-12 to update application work-in-progress continuity scheduled, and in 2012 to update applications continuity work-in-progress, continuity schedules or -- sorry, construction work-in-progress, in particular Tables 5.3 and 5.4 and 5.8 with the purpose of being to ensure that final actual amounts are shown where applicable.

Now, I want to focus on the statement found on PDF page 4 of Exhibit 2-A, and there's an asterisk there, which talks about for projects that have spending forecast in 2025, the spending in 2025 has been adjusted. Do you see that?

Now, my understanding of a key upshot of this first sentence with the asterisk explanation is that 2024 amounts shown in YEC's construction work-in-progress continuity schedule including the

updated Table 5.8 provided at PDF pages 31 to 42 is the 2024 amounts for capital expenditures and any 2024 capital additions, which are now finalized actuals and not preliminary actuals, sorry.
Is that correct?
A. MR. EPP: **Madam Chair, that is my understanding as well.**
Q. Thank you. Now, in addition, is that 2025 amounts -- or are the 2025 amounts in Table 5.8, have they not been updated because YEC wanted to make sure that the total costs for each projects did not change?
Now, the 2025 amounts seem to take up the slack, so that is to say if 2024 final actuals had to be increased relative to the preliminary actuals in your original application, the 2025 amounts would be reduced so that the total project cost doesn't change.
Do I have that correct? Or do you want to clarify?
A. MR. EPP: **Thank you. I think that's out of my understanding, but I just do want to confirm it with my colleague.**
Q. Sure.
A. MR. EPP: **Madam Chair, the 2025 amounts in Table 5.8 in this exhibit stayed the same, except for those projects that have the asterisk, and the amount**

**next to the asterisk is the amount that they changed by.**

Q. So just to make sure I understand what you're saying, so 5.8 hasn't been -- the numbers have not been updated except as indicated in the asterisk; is that correct?

**A. MR. EPP: That is correct.**

Q. Thank you. Now, still on that Exhibit 2-A, Table 5.8 at PDF page 31 to 42, in the update construction work-in-progress continuity schedule for the years 2023 to '27, YEC has divided its projects into categories of major projects which appear to be defined as projects with total amounts or expected expenditures greater than 2 million, and a second primary category which doesn't seem to have a specific name such as minor or medium, but which fall in the cost range of between 400,000 and 2 million.

Now, for purposes of this discussion, I'm going to refer to those projects between 400,000 and 2 million as medium projects.

So can you confirm, subject to check, that YEC's 2023/'24 GRA, the work-in-progress continuity schedule it filed with that application which covered actual expenditures for the years prior, '21 and '22, in the GRA forecast years for '23 and '24 had the threshold for major projects starting at above 1 million rather than the current 2 million for major and the range of between 100,000 and 1 million rather than the current GRA range of 400,000 to 2 million for medium projects?

A. **MR. EPP: Confirmed.**

Q. MS. BENTIVEGNA: Thank you. Now, can you explain why YEC decided to change the threshold for the higher and lower cost categories of project costs in the construction work-in-progress continuity schedules?

A. **MR. EPP: Madam Chair, first of all, yes, the change from 1 million to $2 million in what I would consider the large projects was not done initially for regulatory purposes. The board of directors of Yukon Energy looked at the last time the threshold was updated, and I don't remember when it was but it was a long time ago, so we looked at -- they looked at the number of transactions that actually require board approval, and the $1 million amount was the amount that the board of Yukon Energy provided approval on.**

**Last year, after research, they determined that $2 million would be the appropriate amount for the board of directors to provide their approval on. Consistent with that, therefore, we changed the reporting in this regulatory filing.**

**Regarding the $400,000, the $100,000 also hadn't been changed in a long time, so we looked at our**

**competitor -- or not competitors, our peers, specifically Northwest Territories Power Corporation. They used $400,000, so that's what we adjusted our balance to.**

Q. So I understand that now your board, the board of directors for YEC, has determined that they will approve projects of $2 million and above rather than the 1 million prior, but in your view, do you think that the scrutiny that the board or interveners will differ between major and medium project categories?

Now, seeing it's 2 million and above and then the other projects are 400,000 to 1, I'm asking for your views on, if you think there will be more scrutiny or less scrutiny, depending on the project category, depending on whether it's a major project or minor -- not minor, medium, sorry?

A. **MR. EPP: I think the way we look at it is the bigger picture of -- we used to have capital projects of 20 to $25 million. We now have capital budgets of $100 million.**

**If you're going to look at what's most important, you look at the larger dollar spending ones, and if you're looking at everything that's over $1 million still, there's going to be a lot more time spent on more projects and less focus on the more important**

**projects, so this is a way of showing what the priority projects are.**

Q. Now, I want to take you to the Aid to Question Number 3, which I provided to your counsel, and maybe we'll distribute that as well for these questions coming up, and this -- and this was from Yukon Energy's 2023/'24 GRA, Table 5.4, work-in-progress continuity schedule 2023.

Now, looking at the updated 5.8 from the current GRA, in that section of Table 5.8 that has lower cost projects for the main types of projects, generation, transmission, distribution, et cetera, there's a line for other projects with less than 400,000 spending.

Now, can you confirm that these are roll-ups from either actual or forecasted expenditures on multiple projects within the specific project category that have expenditures less than 400,000?

**A. MR. EPP: Confirmed.**

Q. And now I'd like to understand how YEC views these other project or roll-ups of multiple smaller projects ought to be reviewed, so does YEC believe that because of their smaller size, these projects ought to be judged in an aggregate or on the basis of whether the overall level of expenditure for a particular other project category is within the range of reasonableness, and what's the basis for this belief for rolling these up in such a fashion?

A. **MR. EPP: Madam Chair, the roll-ups were determined by the dollar value. It was not subjective. As far as whether the Board should look at them in greater or less detail, I would expect the Board, if the total of the projects in this roll-up is large, then the Board would ask questions on individual items within it potentially. But our focus would definitely be on the categories that are the 400 to 2 million, and even more focus on the 2 million and above.**

**We have -- I can't remember the exact number, but hundreds of capital projects. I don't think it would be efficient for the Board to look at all of them.**

Q. Now, looking going back to that aid to cross or Aid to Questioning Number 3, the 2023/'24, the construction work-in-progress continuity schedule. Now, the lower cost category of project spending had 100,000 minimum threshold.

Did the threshold for these projects to be included in other projects roll-up include only projects with spending up to $100,000 or was it more than some that had more than 100 and were all rolled up under the $400,000 banner?

I'm just trying to see if we can follow from the

2023/'24 continuity schedules, and now we have the ones for the current GRA. What was actually -- the amounts that were -- the amounts that were actually rolled up in relation to projects?

A. MR. EPP: **We looked at the individual projects and their dollar amounts, and if they were less than $400,000, they would be in the category less than $400,000.**

Q. So then it wouldn't just be the ones that were in your continuity schedules for '23/'24 that was -- that were at the 100,000 threshold?

A. MR. EPP: **Madam Chair, so to be more, hopefully more specific, a project that maybe cost $75,000 in the last GRA would have been in the less than $100,000 category.**

**In the new application, it would be in the less than $400,000 category. In the -- a different project that had a cost of $200,000, would have been in the 100 to $1 million category in the prior GRA.**

**In this GRA it would be listed in the less than $400,000 category.**

Q. Thank you for that. Now, just to followup on what you were saying, it seems that then some of the projects that had specific line items as forecasts in the '23/'24 GRA, construction work-in-progress continuity

schedules ended up losing their identity as separately tracked projects because they're now included in this new other project of less than 400 or thousand or then the 400,000 to 2 million. Now, is that correct?
A. **MR. EPP:** **Yes, that would be correct. The -- yes.**
Q. Thank you. And can you confirm that there was no direction from this Board in the last GRA to change the threshold for a project to be part of this other project roll-up, rather than a project with a specific line item in the construction work-in-progress continuity schedule from 100,000 to 400,000?
A. **MR. EPP:** **Madam Chair, that's correct. In this application we have shown the projects that are greater than 400,000 and greater than 2 million in more detail.**
Q. Now, if you turn to PDF page 5 of Exhibit 2-A, that's that June 30th supplementary information submission, you'll see a helpful recap of what the Board asked YEC about the other project roll-ups, and I'm referring to that paragraph 56 of Appendix A of the Board Order 2025-12.
So to summarize, the big picture is that the Board asked YEC to provide disaggregations of the other project roll-ups for '23 and '24 actual capital

additions into specific projects for generation, transmission, distribution and general plant overhaul in tangible assets and deferred project-type categories.

YEC provided this information in Attachment 3 and that's PDF pages 49 to 52 of that supplementary information. Is my understanding correct?

A. **MR. EPP:** **Yes, I believe you are correct.**

Q. Now, another part of the direction was for YEC to provide a table or matrix that provided a cross-reference for each of the projects disaggregated in Attachment 3 to any business cases that may have been provided in the '23/'24 or prior GRAs, and YEC provided this response in Attachment 4 which goes from PDF page 53 to 61 of Exhibit 2-A, the supplementary information.

Now, is that -- can you confirm that?

A. **MR. EPP:** **I can confirm that it starts on page 53, yes.**

Q. All right. But that that's where you provided the information about -- or the table that cross-references each of the projects disaggregated in Attachment 3 to any business cases in the '23/'24; correct?

A. **MR. EPP:** **Attachment 4 --**

Q. Attachment 3.

**A. MR. EPP: Yeah.**

Q. Okay. Now, those YEC responses to these directions are very helpful and thorough, however, we still have some questions with regards to Attachment 4 to understand some of the typical notations in Attachment 4.

Now, in particular since YEC used these notations in a consistent fashion throughout Attachment 4, and that's my understanding, I'd like to focus on just the general plant part of Attachment 4 on the assumption that your responses also apply to other project types in Attachment 4, so if they don't, please let me know.

So now, going to the section of Attachment 4 dealing with general plant projects, that's at PDF page 56 and 58 -- or to 58 of Exhibit 2-A.

Can you first go to PDF page 56 and, I'm interested in the first general plant project called "Property Fencing Program," and that's at, as I said, PDF page 56.

In that cell just to the right of property fencing program, it says: (as read)

"See notes 1 and 2 below."

Now, my understanding is that notes 1 and 2 refer to the notes at the bottom of the PDF page 61. Is that correct?

**A. MR. EPP: Madam Chair, that is the way I interpret it as well.**

Q. Thank you. Now, I'm understanding that in Table 5.4 of the '23/'24 GRA where there was in other projects with less than 100,000 spending line item at the bottom of the general plant section for the 2023 construction work-in-progress continuity schedule shown in Table 5.4, and that by using a see note 1, a project attachment entry -- sorry, project entry Attachment 4, that's telling me that there was an allowance of the same amount for expenditures on the property fencing program in the 2023 capital additions forecast; is that correct?

**A. MR. EPP: Madam Chair, I'm going to need more explanation. I'm not following.**

Q. Okay. So what I'm referring to is the aid to cross for the '23/'24, and if you look at under "General Plant," the other projects with spending of less than 100,000, so in that continuity table, it refers to -- that's Table 5.4.

It says "see note 1," a project entry Attachment 4 that's -- that says that there was an allowance of some amount for expenditures for the -- on property fencing program in the 2023 capital addition forecast.

So if you go to the table I'm asking you to focus in on the other projects and plant property fencing program in that table, so if you see that or do you

still need ...
**A. MR. EPP: Madam Chair --**
Q. -- clarification?
**A. MR. EPP: -- is this the table that is on our screens?**
Q. Yes.
**A. MR. EPP: So, yes, I do see the general plant category with other projects with less than 100,000 spending.**
Q. All right. Now, from tables -- in that aid to cross from Tables 5.4 and 5.5, they were prepared from information at PDF 145, 147 of YEC's 2023 GRA. So if you have that, then the forecast capital additions of other projects with less than 100,000 spending for general plant in 2023 is 700,500, that's Table 5.4, the first page of that Aid to Questioning Number 3, and the forecast capital addition for 2024 is 800,000 and that's Table 5.5, the third page of that same document.
Now, do you see those two entries?
**A. MR. EPP: Yes.**
Q. All right. Then my understanding is that when the 2023 and 2024 GRA was prepared, that there was a list of under 1 00,000 general plant projects under other projects with less than $100,000 spending that included amongst a list of several projects a line item for

property fencing program forecast capital additions both in 2023 and 2024; is that correct?
A. MR. EPP: **Do we have the '23/'24 GRA?**
Q. Yes, that's that Aid to Questioning Number 3 in the table --
A. MR. EPP: **That's the one that's on the screen there?**
Q. Yes.
A. MR. EPP: **And you're asking if property fencing is included in that number?**
Q. Yes. If it's amongst the list of projects that -- so there's projects under 100,000; right? And if amongst those projects there was a line item for property fencing program forecast capital additions in both 2023 and 2024?
A. MR. EPP: **So, Madam Chair, so yes, property fencing program would have been within that category, although I -- we can't tell just looking at this whether it would have been '23 or '24.**
Q. All right. This understanding of that it's both '23 and '24 comes from the notation, those notes, note 1 and note 2, that I was referring you to, the ones that say: (as read)
"This project is included in Yukon Energy's 2023/'24 under the group line

item in Table 5.4 work-in-progress
continuity schedule for projects with
expenditures under 100,000."
And then 2 was: (as read)
"It's grouped in Table 5.5."
So for '24 -- 2024 projects. So this is where my understanding stems from, that it was both in '23 and '24.
Now, please correct me if it's not correct.
A. MR. EPP: **Madam Chair, I can see how that link is connected.**
Q. So then are you confirming that or was it a problem with the notes? So was it both in '23 and '24, that's all I want to know?
A. MR. EPP: **I would have to take that away to confirm for sure.**
Q. All right.
A. MR. EPP: **But based on what is said here, I would make the assumption that it was both.**
Q. All right. Thank you. Now, going now to Exhibit 2-A, that's that June 30th supplemental submission, and Attachment 4 at PDF 57, there's a project there called "Confined Space Entry," and there's a description in the adjacent column entry of see note 1.
Can I interpret this as telling me that where

there had been a forecast in 2023 for this specific project that made up part of the total that is rolled up in other projects with less than 100,000 spending for general plant in 2023 in the amount of 727,500?

So I'm trying to relate the two, the 2023/'24 questioning aid number 3 and then the continuity table that was provided as Attachment 4, so I'm just trying to understand the descriptions and what was rolled up and what was in the previous, so to understand what has moved where?

A. **MR. EPP: Madam Chair, I can confirm that the property fencing program was both '23 and '24, and the confined space one was a '23 addition only.**

Q. Thank you. Now I'm going to go to Aid to Questioning Number 4, and we'll just distribute that one and just for your information, this is based on PDF page 217 from YEC's 2023/'24 GRA, and the first page of the aid is from page -- '23/'24 GRA at PDF page 217.

Now, as I was saying, that starts on the first page is from the GRA, '23/'24 GRA at PDF page 217, and there's a short write-up that continues a bit on to PDF page 218 on -- in that aid to questioning about a forecast expenditure of 189,000 on a skid steer that was not expected to happen in 2023.

So my understanding is that while there was a

short write-up specific to a skid steer expenditure in the '23/'24 GRA, there is no corresponding followup write-up for the '25 to '27 GRA because YEC has adopted this new $400,000 threshold for smaller size categories of projects for project expenditures and because of the final expenditures note, the actual expenditures in 2023 appears to have been 189,900 in Attachment 3 in Exhibit 2-A, then the June 30th response at PDF 51 is less than the $400,000 threshold it ended up being rolled up as part of this new threshold and in other projects, so for general plant in the current GRA.
Is that correct? So it's not broken out anymore.
**A. MR. EPP: Correct.**
Q. Thank you. Now, I assume I can generalize throughout Attachment 4 that where YEC has provided a reference to a 2023 GRA business case and the actual expenditure on a specific project was less than $400,000, this meant that there's no actual expenditure write-up in the current GRA?
**A. MR. EPP: Correct.**
Q. Okay. Now, the last type of entry I'm interested in and is that -- if there's a blank entry in the cell adjacent to a project name in Attachment 4, that for example like the entry for Mayo bucket truck at PDF page 57 of Exhibit 2-A, that means that the project was

not forecast in the 20 -- sorry, in the 2023/'24 GRA; is that correct?
A. MR. EPP: **I believe that is correct, yes.**
Q. All right. And would that hold throughout Attachment 4, so if there's blanks, then there wasn't a corresponding project and forecast in the '23/'24?
A. MR. EPP: **Agreed.**
Q. All right. Now, in Tables 5.4 and 5.5 from the 2023 GRA there's -- are line items for other projects with less than 100k spending for each of the main project categories in those schedules.
Now, would you undertake to provide disaggregated breakdown of the component forecasts for each of the other projects under 100,000 spending line items in those schedules from '23 -- 2023/'24 GRA?
A. MR. EPP: **Can you just provide the specific table numbers which at pages --**
Q. Yes, Tables 5.4 and 5.5.
A. MR. EPP: **Yes, we can undertake to provide those projects that make the categories of other projects with under $100,000 spending.**
Q. Thank you. As well as the forecast expenditures that there were for those, please.
**UNDERTAKING - TO PROVIDE DISAGGREGATED BREAKDOWN OF THE COMPONENT FORECASTS**

**FOR EACH OF THE OTHER PROJECTS UNDER 100,000 SPENDING LINE ITEMS IN THOSE SCHEDULES IN TABLES 5.4 AND 5.5 FROM THE 2023/'24 GRA**

Q. MS. BENTIVEGNA: Now in the current application using the updated Schedule 5.8 in Exhibit 2-A, could you also provide disaggregations for each of the other projects with -- that are under $400,000 spending for line items -- sorry, 400,000 spending line items for the years 2025 to '27 including the forecast spending for those disaggregated projects?

A. **MR. EPP: Can you please confirm the page number in the -- referenced?**

Q. So that's Exhibit 2-A, Schedule 5.8, PDF page 31 to 32 -- well, it's basically their schedule -- or the table, so it's PDF pages 32 to 41, I believe.

A. **MR. EPP: Yeah, Table 5.8 there, I found it, starting on page 32. Thank you.**

**UNDERTAKING - TO PROVIDE DISAGGREGATED BREAKDOWN OF THE SPENDING INCLUDING FORECAST SPENDING FOR EACH OF THE PROJECTS UNDER 400,000 SPENDING IN EXHIBIT 2-A, PDF PAGES 32 TO 41, TABLE 5.8**

Q. MS. BENTIVEGNA: Now, looking at section 1.2 of the

June 30th submission. That's Exhibit 2-A again, which responded to questions related to paragraph 50 of that Appendix A Board Order 25-12, and which starts at PDF page 2, the part 2 questions, if you see PDF page 3, asked about the apparent capitalization of some costs prior to full in-service for three projects, and those were the thermal replacement 16.5 megawatts, the Lewes River Boat lock and P&C S250 Callison protection control SCADA upgrade, and I'm interested in the part of the response dealing with the thermal replacement project to start.

So if you can find that, if you see that table for the thermal, and then right up under it, a bullet. So if you then go to section 3.3.5.1 entitled "Capital Project Studies" in your application, Exhibit 1-A, that starts on PDF page 86 and goes through 88.

Now, in this section the application section, is YEC proposing to expense rather than capitalize certain types of preliminary study costs?

**A. MR. EPP: Yes.**

Q. In -- can you give us some explanation as to -- so you're proposing as to the expensing of these costs?

So in the same vein, I'd like to turn to your response to YUB-YEC-1-44 at PDF page 225 and 226, and that's from Exhibit 4, which I understand to be primarily about the cut-off rule for which projects are to have preliminary studies continue to be capitalized rather than expensed in accordance with the proposal described in section 3.3.5.1 of the GRA.

So if you look at that, those PDF pages, in the response 44 -- now, it doesn't seem clear to me whether only the bullet list of projects shown at PDF page 225 and 226 are going to have preliminary study costs capitalized to the project to which they pertain or whether there's a more general -- sorry, general cut-off rule, for instance, whereby projects including projects not named in the bullet list will have preliminary study costs capitalized to the project, if a project, that a preliminary study pertains to remain in flight prior to 2025.

So if you can provide some clarification, please?

A. **MR. EPP:** **Madam Chair, specifically regarding the thermal project there was two studies. The first was a study in 2023 for 122,000. That was closed in 2023 and therefore continues on as a feasibility study with amortization that started in 2024 and would have four more years of amortization after that.**

**The other part of the thermal replacement project, there was a study of $869,000 in 2024, and this is**

**shown in Table 5.4, PDF page 19 of our application, and so because these were prior to the transition date, they are -- remain the way they were treated in the application last time as feasibility studies.**

Q. And when you say transition, you mean to the new category?

**A. MR. EPP: Yes, as discussed in the application, we are not -- there's not going to be new feasibility studies that were not part of a prior application that come into this new application.**

**They would be assessed to be either a capital project study or expensed.**

Q. Now, just going back to feasibility studies for the thermal replacement, the 16.5-megawatt project. Now, in reading section 3.3.5.1 of the GRA and the related appendix, so that's Appendix 5.3, PDF page 431, pages 431 to 439, as well as the IRs related to expensing of study costs proposal and that was dealt with in responses to YUB 44, 45 and 65 at the various pages, PDF pages that I can provide you, and includes attachments.

There doesn't seem to be anything that would explain why feasibility study costs such as the approximate 122,000 that you just mentioned in 2023 and 869,000 that YEC has mentioned proposed to capitalize as a cost charged to the thermal replacement project should be capitalized to the project coming into -- prior to the project, sorry, coming into service, which we understand will happen this year in 2025.

A. **MR. EPP:** **Madam Chair, as assessed in the 2023/2024 GRA these were feasibility studies, and accounted for in -- the way that the 2023/2024 GRA policy was at that time.**

Q. And so that's your explanation, but going forward, if I understood you correctly, the feasibility studies would be either -- would they be capitalized at the time that a project -- if they're attached to a capital project comes into service; is that correct?

A. **MR. EPP:** **Madam Chair, going forward there is no feasibility studies. The project spending will be assessed to determine whether it is a capital project, a capital project study or an O&M expense.**

Q. And so does that follow your proposed capitalization policy, if I understand that correctly?

A. **MR. EPP:** **Yes, you do.**

Q. Thank you. Now, turning to PDF page 5, again of Exhibit 2-A, there's a table that shows changes caused by changing preliminary actuals for 2024 to actuals.

So if you look at that table, so I'm interested in the particular line items for thermal replacement 16.5

project and the Wareham spillway project, both have a notation in the farthest right side of the table that says "feasibility portion is closed."

Now, we've just mentioned about the replacement project and feasibility studies in relation to it before this '25 to '27 GRA, but now for the Wareham spillway project, there's an 890,000 -- 890,700 amount shown for 2024 also a capitalization of feasibility costs; is that correct?

**A. MR. EPP: Yes, Madam Chair.**

Q. Thank you. Now, there's both a Wareham Dam spillway project tunnel and a Wareham Dam spillway project, full replacement project in the Table 5.8 from the June 30th supplemental submission, Exhibit 2-A.

Now, can you confirm that the feasibility study which we've just been talking about to be capitalized to the Wareham Dam spillway project 2024 preliminary actuals to actuals reconciliation PDF page 5, supplemental submission, pertains to both the tunnel project and the full replacement project, but has not been fully capitalized -- but has been fully capitalized only to the tunnel project?

So I'm trying to understand, do the costs go to both, but it's only been capitalized to one project or do the costs relate to just the one project since there's two?

**A. MR. EPP: Madam Chair, I believe what you're getting at is the capitalized portion is not capitalized to the capital project but to the feasibility study.**

Q. And so was the feasibility study then, to better understand, was it just for then the tunnel, the dam -- Wareham Dam spillway project tunnel as opposed to the full replacement?

**A. MR. EPP: It's specifically for the tunnel.**

Q. All right. Thank you.

Now, are there any other projects in the updated Table 5.8 that we've been talking about shown as having capital additions in 2023 or 2024, but which relate to a project that's expected to be in service in 2025 or later, that are actually study costs in whole or in part?

**A. MR. EPP: So, Madam Chair, the question is regarding this Table 5.8 that is now on the screen; is that correct?**

Q. Yes.

**A. MR. EPP: So are any of those projects do they have study costs? Sorry, can you repeat the question?**

Q. Capital -- yes, studies that are shown as capital costs in '23 or '24 that relate to projects that are going to be in service in '25 or later?

A. **MR. EPP: Madam Chair, I can undertake to provide that list or -- yes.**

Q. Thank you.

**UNDERTAKING - TO PROVIDE A LIST STUDIES THAT ARE SHOWN AS CAPITAL COSTS IN '23 OR '24 THAT RELATE TO PROJECTS THAT ARE GOING TO BE IN SERVICE IN '25 OR LATER**

Q. MS. BENTIVEGNA: And just one more question with reference to the section 3.3.5.1 in the application. So have an O&M expense allowance for preliminary study costs, rather capitalizing those preliminary study costs, can you confirm that there will still be costs that are charged to specific capital projects rather than being deemed part of the O&M expense allowance proposed in 3.3.5 of the GRA?

So for example, costs for a consultant's report that YEC does not consider to be within the scope of the early stage reports that are contemplated in section 3.3.5.1 proposals.

A. **MR. EPP: For an expenditure to be considered capital, it will have to meet the capitalization criteria as specifically listed in the capitalization policy in that appendix.**

Q. Thank you. Now, Madam Chair, if we can mark those aids to cross -- or Aids to Questioning I believe 3 and 4 as exhibits?
THE CHAIR: Sorry, Aids to Cross 3 and 4 as Exhibits 11 and 12 respectively?
MS. BENTIVEGNA: Yes. Thank you.
**EXHIBIT 11 - AID TO QUESTIONING 3**
**EXHIBIT 12 - AID TO QUESTIONING 4**
Q. MS. BENTIVEGNA: Now, still looking at that Table 5.8 in Exhibit 2-A that goes from PDF 31 to 42, and then I'll also be referring -- so if you can -- if we can distribute them, the Aids to Questioning Number 5 and 6, which again are also taken from the 2023/'24 GRA, one is from PDF page 204 and the other is from PDF page 226.
All right. So now for these questions I have -- well, I'm seeking some clarification about some capital expenditures or capital additions that were forecast as part of the YEC's '23/'24 GRA, but which don't appear to have corresponding actual expenditures related to the identified projects or have any forecasted expenditures during the '25/'27 GRA period, and so I'm going to be referring to these projects because we can't find them as disappearing projects, so that's what -- when I talk about disappearing projects, that's

what I'm referring to.

So the Board used the updated Table 5.8 provided in YEC's June 30 supplementary submission, Exhibit 2-A, the four projects identified show up in the '23/'24 approved forecast pages of the updated Table 5.8 and that's PDF 31 to 33.

Now, from looking at these documents, none of these four projects had either any actual expenditures during '23 or '24 based on the June 30th submission pages 34 to 36, and that none of these four projects show any forecast expenditures for the identified projects in the part of the updated Table 5.8 that shows forecast expenditure or additions in the years 2025 through '27.  And those -- and I am looking at pages -- PDF pages 37 to 42.

Now, the projects I'm referring to that don't seem to appear are the Lewes Gate automated project, and we can deal with each one in turn, the Mayo Lake control structure valve clean-out system.  The WG2 cylinder head swap and the right-of-way -- sorry, right-of-use asset Lindeman Road.

So starting with the Lewes Gate automated project. At PDF 31 of Exhibit 2-A, there's a forecast capital expenditure of 250,000 in 2024.  So if you see that, then can you confirm, subject to check, that YEC's

'23/'24 did not include a business case and -- for that and that the only reference to this project is in the '23/'24 GRA was that the inclusion of a forecast expenditures on the project shown in Table 5.7 found at PDF page 152 and this is of the '23/'24 GRA?

**A. MR. EPP: Madam Chair, can I clarify that the question asked if there was a business case in the 2025 GRA --**

Q. No, '23/'24. If there was a business case or if there was only a reference to the project in the '23/'24 GRA, and that reference was just inclusion of a forecast expenditure for the project shown in Table 5.7 at PDF page 152 of the '23/'24 GRA.

**A. MR. EPP: Madam Chair, based on what I see here, the capital expenditure is greater than $100,000, so I would assume that there was a write-up in the 2023/'24 general rate application, subject to check.**

Q. Would you mind confirming or giving us the reference to it, when you confirm where we can find it?

**A. MR. EPP: Yes.**

Q. Thank you.

**UNDERTAKING - TO PROVIDE THE REFERENCE TO THE BUSINESS CASE OR WRITE-UP IN THE 2023/24 GRA RELATED TO THE LEWES GATE AUTOMATED PROJECT**

Q. MS. BENTIVEGNA: Now in the updated 5.8 table or Table 5.8 at PDF page 31 of Exhibit 2-A, there's a forecast capital expenditure of 50,000 in 2024 with a closing construction work-in-progress balance of 50,000, implying expectation of further expenditures in '25 to '27 period. Do you see that?
A. MR. EPP: **No, which page number are you on in Table 5.8?**
Q. It's still 31, PDF page 31.
A. MR. EPP: **And this is the Lewes Gate automation project?**
Q. No, sorry, I've moved on now to the Mayo Lake control structures valve clean-out system?
A. MR. EPP: **Okay. I see it on the screen.**
Q. Okay. Now, can you confirm, subject to check, that there was no business case in '23/'24 GRA and that the reference to a $50,000 approved forecast in 2024 was only set out in the '23/'24 GRA table at 5.7 found at PDF page 152 of the '23/'24 GRA?
A. MR. EPP: **We can look at the 2023/2024 GRA and look at the details as to what details were or were not provided in that application.**
Q. Thank you. So that's another undertaking.

**UNDERTAKING - TO PROVIDE THE REFERENCE TO THE BUSINESS CASE OR WRITE-UP IN THE**

**2023/24 GRA RELATED TO THE MAYO LAKE CONTROL STRUCTURES VALVE CLEAN-OUT SYSTEM AND THAT THE REFERENCE TO A $50,000 APPROVED FORECAST IN 2024 WAS ONLY SET OUT IN THE '23/'24 GRA TABLE AT 5.7 FOUND AT PDF PAGE 152 OF THE '23/'24 GRA**

Q. MS. BENTIVEGNA: And now I'm moving on to the WG2 cylinder head swap. There's a forecast capital expenditure and capital addition of 500,000 in 2024 in the updated 5.8 -- Table 5.8 at PDF page 31.

A. **MR. EPP: Yes, I see it on the screen.**

Q. All right. Now, in that Aid to Questioning Number 5, it shows a short business case write-up in the '23/'24 GRA from page -- PDF 204. So if you look at that, it has an overview and a cost there from 2024.

Can you confirm that that's what it's referring to?

A. **MR. EPP: Confirmed.**

Q. Thank you. Now, with respect to the right-of-use asset 1 Lindeman Road, there's a forecast capital addition of $750,100 in 2023 an updated Table 5.8, PDF 32.

So if you see that, we provided the -- you with that Aid to Questioning Number 6, which has the short business case write-up about the right-of-use asset 1

Lindeman Road project, which is from PDF page 226 and of the '23/'24 PDF page 226, and I assume you've had a chance to review that?

**A. MR. EPP: Madam Chair, yes.**

Q. All right. Now, for these four projects that we've just been discussing, could you undertake to explain what happened to each project since we can't find the corresponding project in the current test years, confirm that none of the four projects was transferred to another project, and if this can't be confirmed for any project, would you please ensure that your undertaking response fully explains any transfer that took place, including an explanation of the date of the transfer that took place and the dollar amount of any transfer?

**A. MR. EPP: Madam Chair, to try and reduce the number of undertakings, I'll try and respond to at least some of them right now.**

Q. Okay.

**A. MR. EPP: Going in reverse order, the right-of-use asset 1 Lindeman Road is in the 2025 application. It is shown in the 2025 application. It was at that cost.**

Q. And can you tell me, is it still named the right-of-use asset 1 Lindeman Road and where it's found in the 2025?

A. **MR. EPP: Madam Chair, I'll refer you to -- this is Exhibit 2, yes, the supplementary filing, page 32, the second line from the bottom.**
Q. I think, Mr. Epp, that was -- and I referred to it, that was the forecast, but there's nothing stating what has happened with it, like, whether in '24 or now is going to happen.
Is it going to happen in '25? Like, I guess what we're looking at is what happened in these projects? Are they no longer going forward? Was the money spent? So it's just not clear, as I said.
A. **MR. EPP: Sure.**
Q. There is that reference, but it's a forecast for, I believe when I was referring to it, it's for the 2023 forecast, but there's nothing that tells us what happened with that?
A. **MR. EPP: So in that -- on page 32 there, you see the 2023 expenditures of 750,000. The next column is completed projects, which means it was closed, completed and closed out, and it is now an asset in our system and has been depreciated over the life of the lease.**
Q. And that would have been in '23 reading the table as you're reading it, where it says completed then?
THE CHAIR: Excuse me, Ms. Bentivegna, I

think your mic is off, so if you could repeat that.

MS. BENTIVEGNA: Sorry, my apologies.

Q. MS. BENTIVEGNA: I was just saying that, so where in the table it says that under the column or next to the project completed, then are we to read that to mean that the project was completed, the money was spent as forecast, and it's not -- there's nothing going forward in '25 to '27 other than the amortization, of course, of the costs?

**A. MR. EPP: We'll have to take an undertaking to answer that.**

Q. Okay. Thank you.

**UNDERTAKING - TO ADVISE WHETHER THE RIGHT OF USE ASSET 1 LINDEMAN ROAD PROJECT WAS COMPLETED, MONEY SPENT AS FORECAST, AND THERE'S NOTHING GOING FORWARD IN '25 TO '27 OTHER THAN THE AMORTIZATION OF THE COSTS**

THE CHAIR: So I'm thinking that this is probably a good time to take a break now, and I'll also sort of bring notice to the fact, I was probably a bit over optimistic yesterday, wildly over optimistic on finishing early perhaps, and so during the break the Board will take the opportunity to discuss potentially lengthening the session today or adding hours tomorrow, so just so that there's notice of that. We all want to get finished.

THE CLERK: Order. This hearing will stand adjourned for 20 minutes.

(ADJOURNMENT)

THE CLERK: Order. This hearing is reconvened. Please be seated.

THE CHAIR: Thank you. And before we start, I'll say that we did contemplate and we did make some decisions, and in the interest of not getting up much earlier in the morning, we're going to sit an extra half an hour until 5 o'clock tonight, and we'll take a shorter lunch break tomorrow, only one hour, and hopefully that will help us get through everything.

And I'll take the opportunity as well while I've got the mic on to just confirm that those aids to cross-examination should be added to the exhibit list numbers 5 and 6 as Exhibits 13 and 14 respectively.

Is that correct?

MS. BENTIVEGNA: Yes, Madam Chair. That's correct.

**EXHIBIT 13 - AID TO QUESTIONING 5**

**EXHIBIT 14 - AID TO QUESTIONING 6**

THE CHAIR: Thank you. I'll just ask you to proceed when you're ready then, Ms. Bentivegna.

MR. HERBERT: Madam Chair, just before that, it's Jason Herbert, if I could just alert the Board to the fact that provided -- we've now filed with the Board written copies of responses to several of the undertakings that were provided yesterday, six of the undertakings from yesterday's transcript and so that will be distributed, I understand or posted electronically.

THE CHAIR: Okay. Thank you very much.

MR. HERBERT: Thank you.

Q. MS. BENTIVEGNA: Now, for these next questions I'm going to be referring to Aids to Questioning 7, 8, 9 and 10, so maybe if we can distribute them, that would be helpful. And just to situate these questions, it's regarding the AH3 questioning dispute and the aids to cross refer to an extract from 2017/2018 GRA at PDF page 177 and 178, and that's Aid to Questioning 7.

Then Aid to Questioning 8 is an extract from the 2021 YEC-2021 GRA at PDF page 165, and then again Aid to Questioning 9 is an extract from the 2017/2018 GRA Table 5.2 at PDF page 224, and then Aid to Questioning 10 is YEC's September 22nd, 2017, IR response package, and that would be the response to IR 61 at PDF pages 225 to 228, so just so that you have those.

And so starting with Attachment 3 to your June 30th supplemental response in the current GRA, so

Exhibit 2-A, if you can look at Attachment 3 at PDF page 50, and the first line in the generation section related to the AH3 contract dispute, that's the line item I'm looking at.

Now, in looking at, if you have that, in looking at the AH3 contract dispute line, there seems to be an opening balance for 2023 of about 7,400, a negative capital expenditure of about $760,000, and then a construction work-in-progress balance is zeroed out as an addition to rate base in the amount of $752,600 or the difference between opening balance and the negative 760,000 2023 capital expenditure. For 2024 they're all zeros.

So since the question that generated Attachment 3 only asked about '23/'24 actuals, we don't know about '25 to '27, so can I assume that if we had obtained disaggregated information about generation other projects with less than 400,000 spending for '25 to '27, the line item for AH3 contract dispute would also be zero across the years?

A. **MR. EPP: So, Madam Chair, first, just a minor -- well, a correction on the wording. The 752.6 positive in completed projects is a reduction to rate base, not an addition to rate base.**

Q. All right.

**A. MR. EPP: Further, the AH3 contract dispute was settled in 2023 and finalized and there's nothing else going on with it, so there is no activity in 2024 or any future year related to that project.**

Q. Thank you. So can you tell us what the amount and the date of the settlement was? Was it that $760,000 amount?

**A. MR. EPP: Madam Chair, there's a long history to this project and I'll try and summarize it as briefly as possible. There was an initial -- the project actually relating to the actual work done was done I believe in 2011, and in service at that time. There was litigation by both parties.**

**At that time Yukon Energy capitalized costs but did not pay certain costs because of the potential -- because of the dispute that was going on. In 2016 Yukon Energy was ordered to pay $1.6 million or so, and that was money that Yukon Energy had previously capitalized and withheld just not paid as part of the 2011 completion.**

**So the judge at that time in 2016 ordered us to make that payment.**

**Subsequent to that, Yukon Energy appealed and won the appeal. However, the Court of Appeal then ordered that the matter be retried and the second trial**

**occurred in 2019, and in the 2021 general rate application, we said the judgment had not been received as of the date of this filing.**

**The judge issued her decision on this case on December 2nd, 2022, and YEC was successful in the -- successful in that our argument is that we overpaid the amount in 2016, so therefore the contractor had to pay us back $760,000.**

**So we -- as you can see there in, I think this is Table 5.8, the $760 was deducted and considered complete and reduced rate base by that amount.**

**So essentially you have the original project from 2011 that was, I think around 13 million, and then this entry of $760,000 to reduce that project 10 years later.**

Q. Thank you for that explanation. And so then the 760,000 was not a gross amount or netting of other costs related to the dispute such as a legal cost. It was just the amount that YEC was able to recover from the contractor; is that correct?

**A. MR. EPP: Correct.**

Q. Thank you. Now, just -- and you'll see from the aids to questioning there was mention in 2017 GRA and then in '21 about AH3 contract dispute and that there might be a recovery.

So first, if you want to go to the 2017/2018 GRA, and that's Aid to Questioning Number 7, it talks about the AH3 and capital costs and expenses. So my interest is I understand what you said, that it's now been settled, but are there any other costs that were incurred from 2017 until the settlement?

So for example, the 2.715 million that YEC has spent on the AH3 project between 2013 and the end of 2016 and the 0.665 million of that was deemed to be capitalizable, and the remaining portion of 2.715 had to be expense.

Now, do I have that right? So I'm just trying to understand in the history that you gave and through the GRAs, what was expensed at the time and what was capitalized, and if there's anything at all outstanding?

A. **MR. EPP: So, Madam Chair, the amount capitalized in 2011, 13 million, was one transaction. The amount deducted from rate base of 760,000 in 2023 was another transaction.**

**All other costs I think they were basically all legal as far as I know, have been expensed, and there is nothing outstanding, and we did talk about in those previous applications bringing them to the Board because we thought they were prudently -- they were**

**prudently spent and obviously successful in the outcome.**

**We said throughout the process that we would be at the end of the case, we would be bringing back to the Board for potential recovery, and we have decided not to ask the Board for recovery of those assets -- of those legal expenses. They have been paid for by the shareholder, in essence.**

MS. BENTIVEGNA: Madam Chair, if we can mark those aids to questioning, 7 through 10, as hearing exhibits, please.

THE CHAIR: I'm sorry, could you speak up a bit, Ms. Bentivegna.

MS. BENTIVEGNA: Sorry, Madam Chair. If we could mark the Aids to Questioning 7, 8, 9 and 10 as hearing exhibits, please.

THE CHAIR: Okay. So respectively on the exhibit list 15, 16, 17 and 18 for those four aids to cross.

**EXHIBIT 15 - AID TO QUESTIONING 7**

**EXHIBIT 16 - AID TO QUESTIONING 8**

**EXHIBIT 17 - AID TO QUESTIONING 9**

**EXHIBIT 18 - AID TO QUESTIONING 10**

MS. BENTIVEGNA: Okay. Thank you, Madam Chair.

Q. MS. BENTIVEGNA: Now I'm moving on to the Lewes

River Boat lock and looking to understand its relationship to the Lewes River Boat lock road access project and the numbering and naming of related processes to these projects, and I'll explain what I mean.

Now -- through my questions. Now, I'll be looking at PDF page 45 of Exhibit 2-A. There's the Table 5.8 in Exhibit 2-A. There's the answer, YEC's answer to IR 73 at PDF 472 at Exhibit 4, and then there's also the application, Exhibit 1-A at PDF pages 301 to 307, and as well if we can distribute aids to questioning number -- Aid to Questioning Number 11, which is again from YEC's '23/'24 GRA, and that's from page PDF 183.

Now, we'll start with the June 30th, supplementary information, Exhibit 2-A. Now, if you go to Attachment 2 of this information response, and that's at PDF pages 43 to 48, it contains a matrix that was prepared in response to a request from the Board to provide a cross-reference to business cases filed in the GRAs prior to 2025 to '27, the current GRA, for projects which YEC had recorded capital additions either '23 or '24.

One of the projects that YEC provides prior GRA business case costs reference is for the project described in attachment to the matrix as the Lewes

River Boat lock, and that's on PDF page 45. So that's -- there's a table there and the reference to the 2023/'24 GRA as well as the 2012 and 2013 GRA.

So there's a business case entry for '23/'24 as being on PDF page 183 of that application, and that's -- we've also provided that as Aid to Questioning 11. And so you'll see the description there regarding the Lewes River Boat lock road access rebuild rate base addition of 1.2 million in 2024.

Now, if you keep that handy, this description, we'll go to first the updated table, 5.8, from the June 30th supplementary information submission. That's Exhibit 2-A, and again the part I'm interested in is at PDF page 31 showing the 2023 and 2024 approved forecast from that GRA.

And so can you confirm that I've referenced from the updated Table 5.8 that there are line items for both a project called the Lewes River Boat lock and the Lewes River Boat lock road access rebuild?

**A. MR. EPP: Confirmed.**

Q. Thank you. Now, if you go to the bottom of the '23/'24 business case extract, it talks about the construction will be completed during the 2024 construction season in order to have the road ready for the 2025 repair of the boat lock.

So this suggests that repairing the road is a precondition to repairing the boat lock itself; is that correct?

**A. MR. EPP: That is correct.**

Q. Okay. Now, if you look at your IR response to YUB-73, that's Exhibit 4, for which the issue line used to prepare the IR was YEC project naming and numbering system. The IR response is found at PDF page 472 of that Exhibit 4. So you'll see the answer there to that question, and so at the end of the part A to YUB-73, YEC states that "names for PIDs can change if it's determined a different name is more appropriate."

Now, can you confirm that one of the reasons that YEC can or has determined that a different name is more appropriate is that one project has been amalgamated into a related project with a different scope than a project that had a different name than the project name that scope is transferred into.

So basically if you can look at that and tell me, was there a change in the name of the project or was it amalgamated with another project?

We're still talking about the Lewes River Boat lock road access rebuild.

**A. MR. EPP: Madam Chair, there are two separate projects that we're referring to here. The**

**Lewes River Boat lock and the Lewes River Boat lock road access, and as Ms. Bentivegna stated, the road access was a precursor to any construction of the boat lock.**

**Referring to names for PIDs can change, that does not -- that does not relate to anything to do with the Lewes River Boat lock projects. An example I can give you is the Whitehorse power expansion project that we have in the general rate application. It was very new at the time of the general rate application.**

**We now refer to it as the Whitehorse Power Centre, so that's what -- that's an example of a PID changing because we felt it was more appropriate to change the name.**

Q. So then from your answer I understand that there was no amalgamation of the Lewes River Boat lock road access road rebuild and the Lewes River Boat lock project; is that correct?

**A. MR. EPP: Madam Chair, that is correct. Due to information that we learned over time on the Lewes River Boat lock, it was -- that project has been put on hold, as is stated in our application, therefore we never went ahead with constructing the road access, so there is no project for that right now. And there has been no spending on it.**

Q. So just to confirm then, there's nothing happening in the test period with regards to the Lewes River Boat lock road access rebuild as well as the Lewes River Boat lock project; is that correct?

A. **MR. EPP: There's nothing happening in the test years for the road access project. I believe in our application we had something like $200,000 for the Lewes River Boat lock in 2025, subject to check, but that is in the application.**

Q. And what would those -- if the project is on hold, what would those costs be referring to or be for?

A. **MR. MURCHISON: Madam Chair, Paul Murchison. So the costs that are in the current GRA application are advancing the design of the boat lock as well as the design of the road.**

**When the decision was made not to advance with the road, we were moving into a position to look at the overall facility, so the boat lock, the gates, and the road access.**

**So that work that you see now in the -- that's in the current submission is design work that has proceeded.**

Q. So, Mr. Murchison, so just so that I understand your response, so the 200,000 in 2025 was for the design work for the boat lock, but I think you also said that

it was for work, design work for the access road rebuild; is that correct?
A. **MR. MURCHISON: Yeah -- yes, that is correct. The work that was completed in 2025 included the road, as well as boat lock design.**
Q. And now the boat lock is on hold and YEC is not proceeding with -- because of that YEC is not proceeding with the road access rebuild?
A. **MR. MURCHISON: Yes, Madam Chair, that's correct. We're not proceeding with the road access rebuild. There's currently there's a road there that wouldn't meet the requirements for construction, but it does meet the requirements for the maintenance activities that we undertake.**
**Madam Chair, maybe as we're waiting for the next question, just as one of the things that inform the decision about the deferral of the boat lock construction and the road was significant other investments in our capital plan, so that decision as we were advancing the design to then not proceed with the construction was informed by other priorities like slope, surge chamber, Wareham Dam spillway, projects we have in our budget taking significant capital and being a higher priority.**
Q. Thank you. Now, can YEC confirm that it has an

internal process or protocol that governs the procedures to be followed when a project under an original name and project ID number is amalgamated into a project with another name and another ID number?

So the reason for my question is, so can we follow where we start off with one project and one ID and then there's an amalgamation. I understand -- I'm not talking about the Lewes river anymore.

I'm just talking in general as to whether -- what is YEC's protocol or how does it determine the change in name and project number, so that then it appears that the project, you know, what happened to the project, the first one, how is that done and how is it explained for regulatory purposes, of course?

A. **MR. EPP: Madam Chair, I'm trying to think of examples, but I can't offhand, but typically if there was an existing project with an existing scope, whether or not there was spending on that, that would be under one PID.**

**If it was then determined that there was a change of direction, a change of -- significant change of scope, basically making it a different project, there would be a new PID for that.**

Q. And would there be a way or does YEC then identify that that's what happened so that you had an existing project and that then it's gone either into a bigger project or become a part of it, so amalgamated, consolidated, however -- whatever word we want to use?

A. MR. EPP: **So, Madam Chair, when the new project is created, there quite likely could be a reference to an old project, and the reason -- we have to have support for why this new project is taking place, and if it's a result of some other project, there likely would be some history in the -- support for that project now being created.**

Q. And so is there like a tracking system? I guess I'm just interested in how YEC keeps track and determines these, you know, change in project names and IDs and project scope, so that they can be followed from GRA to GRA?

A. MR. EPP: **So, Madam Chair, for what I'm referring to, the projects didn't have any costs, so there's not really a reason to have a tracking mechanism. But no, there is no formal tracking done by Yukon Energy to say it used to be called this and now it's called something else. There's no official document.**

Q. Thank you.

A. MR. EPP: **Madam Chair, when I do think about it, I think there's one project that I do remember now**

**that's the -- actually I don't even know what it's called right now, but it's Mayo Faro diesel mobile infrastructure connection, that's not the -- that's not the former, and that's not the current name of the project, but it's one of the projects that has evolved over time.**

Q. And so would it be a project that didn't have costs and then was transferred over and scope changed or did it have costs and then scope changed and evolved over time?

I guess all I'm trying to find out is if there was, for example, a line item in a GRA and then later on there's a different line item that involved some or part of that project?

**A. MR. EPP: Yes, I believe that is the case.**

**A. MR. MURCHISON: Madam Chair, maybe -- Paul Murchison. It may be helpful information, you know, when you look at projects and capital projects, we do have a capital project registry that lists all of our capital projects and that capital project registry includes projects that are currently in our capital plan, future projects as well, so there is a long list of capital projects that are within the capital projects registry that we have. And that's all the projects that would be currently active and future**

**planned projects.**

Q. And so then just for my understanding, does YEC give projects a project ID in addition to the name so that then it can be followed up or do -- or how are project IDs identified or basically given to different projects and whether they change?

**A. MR. MURCHISON: Madam Chair, Paul Murchison. I'm thinking what may be helpful is the process we use to approve projects that come into our plan. Outside of, you know, a capital plan going to our board and the overall capital plan being approved. Even when that does occur, when that does occur, we have a list of projects that have been identified.**

**The projects that are then approved go through an approval process so that PID is formed for those projects, so then each project gets a PID and then there's a next layer of approval where we have essentially an approve for expenditures that happens on all those projects after they are approved.**

**So we have a large list, not all the projects are approved. The projects that are approved in our capital plan then go through a process where senior management as identified actually approves those PIDs and then once a PID is approved, project managers can spend on those projects. They can't spend before the**

**PID is approved and then the subsequent AFE is approved, so that approved for expenditures. Hopefully that provides a bit of help.**

Q. So does then YEC have a numbering system for its capital projects where I mean I may refer to it as a project ID, but is there a numbering system and project name that follows through? I understand that scope may change and then you may change the name, but is there such a system? Maybe there isn't. I don't know. I'm asking.

**A. MR. EPP: Madam Chair, so yes, we do first of all have the overall project, the PID numbering system that has been referred to. Within each PID we then create a capital job, a C number, for the various different components of the project. Some projects may have one capital job. Some projects may have several capital projects. So that's how we distinguish the various different stages of a larger project.**

Q. Okay. So for a moment following our discussion here, can you confirm that your proposal is that forecast cost of the Lewes River Boat lock project are to end in 2025, which we understand the total is 1,400,000 plus forecast cost to be incurred on the combined project in 2025 currently, 200,000, are to be added to rate base in 2025?

A. **MR. EPP:** **Thank you for bringing it up on screen. You beat me. And yes, that is confirmed.**
Q. So we've talked about the 2025 portion of the costs, and you mentioned the forecast cost of 200,000, but are these -- is this 200,000 actual costs that you'll be adding or is it in 2025 or are they still just forecast costs for this Lewes River Boat lock?
A. **MR. EPP:** **The $200,000 was a forecast, and I believe it is still the forecast of what has been spent or very close to what has been spent in 2025, and that is as Mr. Murchison said for completion of the design work.**
Q. And so do you expect that there will be additional costs in 2025 over that forecast cost?
A. **MR. EPP:** **No, we do not.**
Q. Thank you. Now, I'd like to take you to the paragraphs under the heading "Project Description" on PDF page 301 of the application, Exhibit 1-A, and you'll see where it talks about again the Lewes River Boat lock, that it's currently out-of-service and the gates can be -- until the gates can be replaced and so on. There's two paragraphs there.
Now, when a project is split into stage 1 and stage 2, does stage 1 keep the current assigned project ID number and does stage 2 get a new number that would

start with 2026 as opposed to 2025?

A. **MR. EPP: Madam Chair, the PID number would remain the same. There could be a different C number or could be a different C number capital number underneath that project.**

Q. Thank you. Now, with respect to the forecast cost of 1.640 million to the end of 2025, is YEC's expectation that if the Board were to approve the proposal to allow this proposed addition to rate base in 2025, YEC would consider these costs to be done? That is to say, not part of any future prudence examination of expenditures on the Lewes River Boat project when it's ultimately completed?

A. **MR. EPP: Madam Chair, that is correct. This 1.640 million would be considered closed and amortized over the appropriate period. If there is actually any work done in the future to repair the Lewes River Boat lock, that would be the start of something brand new and start with zero costs.**

Q. So I take it from your answer that the determination of whether the 1.640 million for approved costs would have to be made at this juncture?

A. **MR. EPP: Yes, that is correct.**

Q. Thank you.

A. **MR. EPP: And, Madam Chair, I'll just go on** to explain why we are doing this is based on past directives from the Board, where we've been encouraged to limit AFUDC charges. Since we now know this project will not proceed in at least a few years, we are proposing to close it and stop AFUDC, so no more costs incurred -- are incurred between 2025 and 2031 or whenever the date that the project might get started in the future.

A. MR. MURCHISON: Madam Chair, to support an argument for prudency, I think it's important to provide a little bit of information on the process that we went through. And much of this I think is outlined within our GRA application.

But we in advancing a design, we looked at options, we looked at options to add additional gates versus not adding gates, how that could impact lake levels within Marsh Lake, engagement with the community, to make -- finally lead us to a decision where we wouldn't be adding gates and advancing a design.

So I think from an understanding of a project that we -- the project that we will complete in the future, we made -- we've done the work to make the decision that yes, we will replace only the boat lock, we're not going to add additional gates. We do need to upgrade the road to allow the boat lock construction to proceed.

So we've gone through the process to have a decision and bring us to a 30 percent design that in the future fiscal year when we have the money and decide to proceed with this project, the decision has been made. We've gone through I think a due diligence process to make the decision to land where we are now.

A. MS. CUNHA: Madam Chair, I'll just maybe add additional context to Mr. Murchison's point. So because the repair of the Lewes River Boat lock would require in-water works, it was prudent and necessary for Yukon Energy to complete up to at least a 30 percent design which these costs are for, in order for it to be assessed for the Yukon Environmental and Socio-Economic Assessment Board, as well as being contemplated as part of our Whitehorse rapids generating station relicensing project.

So the greater context of timing that was happening when the work was being done on the design was that we were also in parallel working on the Whitehorse rapid generating relicensing project going through a rigorous assessment through in that relicensing, looking for efficiencies and giving that it was similar work, Lewes control structure is part of relicensing, this is at the Lewes control structure. We wanted to have the design ready so that the assessor and the permitter could look at the design and contemplate whether or not those changes and that construction of the boat lock could be done as part of the licence renewal.

What has happened subsequently to that in addition for all the reasons Mr. Murchison pointed out, is that in July of this year, the Yukon Water Board when they issued their decision on a 20-year renewal of our Whitehorse rapids generating station water use licence actually directed us not to proceed with the repairs of the Lewes Boat lock control structure at the time -- not the control structure, pardon me, but the boat lock itself and has actually asked us to pause that work, we're not able to do anything until Mr. Murchison and his team go ahead and, you know, when the time is right, update that design.

Q. So just so I understand, so the expenditure of the 1,640,000, that was or is all related to this design work for the lock, what you've said is 30 percent design?

A. MR. MURCHISON: Madam Chair, that's correct. And I would say a good way to describe the being at 30 percent essentially would be a tender ready design for

**future construction.**
Q. But now that you have the CSUP decision saying not to proceed, what makes YEC believe that in the future there would be a change, and that it could still use at least the work and costs that have been incurred?
I'm just looking to see what would support the prudency of having incurred these costs and now with the result that you have in the water licence for the Whitehorse, and it relates to the boat locks or boat lock?
**A. MS. CUNHA: Absolutely. So we at the Lewes River Boat lock and Whitehorse relicensing project have multiple regulators. The Yukon Water Board here in the Yukon is one of them, DFO, Department of Fisheries and Oceans of course being related to fish, as well as Transport Canada, as it directly relates to the boat lock.**
**Transport -- the Yukon River is considered a navigable water and there is a requirement for us to contain that navigation of the water. What is contemplated is as a federal regulator who we are still awaiting to receive the permit for the navigable waters and their direction on it, may actually come and say Yukon Energy, you must go ahead with that reconstruction or repair of the boat lock in X date,**

and I say that respectively because we don't know what that date may be.

And as a federal regulator their decision would supersede the Yukon Water Board, in the way such that at that time the water board would say okay, now we expect you to advance your design so that you can input the new design into the water board process, we can reassess it again and we can then be on parallel to the Transport Canada ruling.

So it really is just a matter of we anticipate that there will be a time that we will need to repair that. That time now is unknown, and we are awaiting further comments from Transport Canada who regulates navigable waters.

A. MR. MILNER: Additional context on prudency, Chris Milner, Yukon Energy. Because of the interior-related nature of the project and the water licensing aspects and flood mitigation discussions, it naturally came out of the water relicensing process, it was important to have a good understanding of hydrology and design attributes of that replacement, and that's really what drove the intensity to get the design work done and land on at least a -- the most appropriate option in terms of both cost and function, as it relates to both the boat lock and the conveyance of

**water under certain circumstances.**

**So really that alone is -- would drive the urgency behind this project, just to allow for us to proceed through the water licensing processes to such time when regulators will direct us to do that work in a way that has the greatest or the least impact in terms of the environmental assessment process.**

Q. And just to confirm further, would YEC anticipate that, let's say if it was four years from now, that they could still use that work, that design work, that's been done for the boat lock in any new project that might be approved for that work?

**A. MR. MURCHISON: Madam Chair, yes, that is correct to make the assumption. We will use the current design and finalize the current design that we have.**

Q. Thank you. So now to turn to the second paragraph of the business case at PDF 301 of the application, Exhibit 1-A, so where it begins: (as read)

"Yukon Energy has deferred further work on this project to beyond the GRA test years. To avoid incurring significant AFUDC."

And I believe that's been confirmed this afternoon as well, and it goes on.

Would it be fair to say that saving future AFUDC based on concern that the project may take quite a long time to complete, is the primary proposed justification for adding the 1,640,000 to YEC's rate base in 2025.

A. MR. EPP: **Madam Chair, I believe that would be the primary reason for closing it. Historically we would have left that project open, and based on the directives we've received in the prior GRA, that does not appear -- we do not understand that to be the preference of the utilities board, to keep things open when no work is happening.**

Q. Thank you. Now, again referring to your -- the rest of your business case, is one of the primary things that YEC would like a decision on from the Board in its 2025/'27 GRA is some type of signal that the Board agrees with a bit of a take it slow, gather more information approach or not? I'm just asking.

A. MR. EPP: **That is not under our consideration.**

A. MR. MURCHISON: **Madam Chair, maybe just -- it's not -- I would say it's not the concept of taking it slow is not the case with the boat lock. I think that it's -- certainly there's the directions that we need to follow, under our water licence and needing to assess this structure, but it does come down to capital prioritization.**

**The project will likely end up in our 25 -- our five-year capital plan as having construction work plan to start in 2030. So once we get through significant -- some other significant expenditures -- that's still as I say that would be a planned expenditure subject to change based on how those other projects go.**

**So it's not necessarily about taking it slow. It's about the direction that we've received from regulators, the regulatory bodies as well as prioritization and available capital financing and having other projects prioritized above this project.**

**A. MR. MILNER: And just for further context, Chris Milner, the scale and scope of this project is significant. So it would be a significant capital project if we were to advance it sooner than that.**

Q. Now, turning to page 305 of the application within the boat lock project business case, the third paragraph on that page talks about, and that's PDF 305:

"The Class 5 cost estimate for replacing the boat lock in kind is 11 million. Additional costs for structure and boat lock upgrades and road reconstruction are separate."

And it goes on about detailing the costs.

Now, there, there's estimates for a number of specific things in this paragraph, but if -- like, can I total all the numbers in this paragraph to get the total project cost estimate?  Is that -- would that be correct?
A.  **MR. MURCHISON:  No, Madam Chair, that would not be correct at this time because we've advanced the design beyond the original Class 5 that was provided in this submission.**
Q.  Now then, since that's not the case, recognizing that this paragraph references the term "Class 5 estimate" which I understand to mean that there is a potential for a wide variation between the estimate and ultimate actual costs, can you provide a current total cost estimate for the aspects discussed in this paragraph, understanding that the project is on hold and for all the reasons we've just talked about, but would there be or does YEC have a total cost estimate for the different aspects discussed in this paragraph?  Or is this still the numbers that you have there?
A.  **MR. MURCHISON:  Madam Chair, the updated numbers total is in the order of $40 million.**
Q.  Sorry, Mr. Murchison, could you repeat that?  We didn't quite catch it.  Where -- I think you said the updated numbers are --
A.  **MR. MURCHISON:  Madam Chair, the updated number is**

**in the order of $40 million.**

Q. 40 million, thank you. That's the part that we didn't catch, that end bit.

Now, would that estimate of potential of 40 million, would that include or exclude that 1,640,000 that YEC is requesting that the average rate base in 2025?

A. MR. EPP: **Madam Chair, those are two separate numbers. So the 40 million estimate is in addition to the $1.6 million design cost.**

Q. Okay. So it would be, as you say, in addition to; correct?

A. MR. EPP: **Correct.**

Q. Thank you. Now, there's indication in that paragraph that the road costs would be separate from the class estimate for the lock in that paragraph termed as 11 million in the first line of that paragraph.

Can you confirm that the ballpark estimate that you've just provided, which could go up to 40 million, does not include the completion of the access road?

A. MR. MURCHISON: **Madam Chair, I'll have to take that -- we'll have to take that away as an undertaking just to confirm.**

Q. All right. And can you tell me or undertake to provide subject to any caveats you may want to point out, an estimate of the total cost at this point for the restoration of the boat lock and the access road or replacement of the road, access road?

A. **MR. MURCHISON: Yeah, Madam Chair, so what the undertaking, as I understand it, would be to provide the details on the estimate for the boat lock and access road separately, the numbers, or just -- and confirm the total includes both.**

Q. Yes, for both.

A. **MR. MURCHISON: So the undertaking will be to provide a number and confirm that it includes both.**

Q. Yes. Thank you.

**UNDERTAKING - TO PROVIDE THE DETAILS AND NUMBERS ON THE ESTIMATE FOR THE LEWES RIVER BOAT LOCK AND ACCESS ROAD SEPARATELY AND CONFIRM THE TOTAL INCLUDES BOTH**

Q. MS. BENTIVEGNA: Now I'm moving on to the Mayo Lake enhance storage project.

MS. BENTIVEGNA: Sorry, before I do so, there was Aid to Questioning Number 11, if we can have an exhibit number, Madam Chair.

THE CHAIR: That would be Exhibit 19, I believe.

**EXHIBIT 19 - AID TO QUESTIONING 11**

MS. BENTIVEGNA: Thank you.
Q. MS. BENTIVEGNA: Now, in looking at the [indiscernible] Mayo storage project?
THE CHAIR: Excuse me, Ms. Bentivegna, your mic is off, if you're speaking to us.
MS. BENTIVEGNA: Yes. Thank you.
Q. MS. BENTIVEGNA: I was referring to the business case for the Mayo Lake enhance storage cost project costs which includes a proposed transfer of some of the costs on the MGS relicensing project, so I'm looking at Appendix 5.2A-4, the application PDF pages 407 to 414.
So my first question at a high level, and perhaps is at a high level and perhaps is missing some of the nuances of the business case, but my overall impression of Appendix 5.2A-4 is that YEC is trying, in the business case, to demonstrate that the circumstances of the Mayo Lake enhance storage project or broadly speaking comparable to those applied to the Southern Lakes enhanced storage project, which the Board discussed and ultimately ruled on in paragraph 292 through 312 of Appendix A, the errata to Board Order 2024-05.
So would you, at a high level, agree with that characterization or not?
**A. MR. EPP: Agreed.**

Q. Okay. And also after noting that the Mayo Lake enhance storage project also involves a transfer of some of the costs to a different project, the Appendix 5.2A-4 is attempting to show that the conditions leading to the approval of Southern Lake enhanced storage project costs by the Board are largely similar to the conditions relevant to how the Board should treat Mayo Lake, and so would you still agree to that characterization?

**A. MR. EPP: Yes.**

Q. Thank you. Now, going to Table 5.2A-14, found in Appendix 5.2A-4 business case at PDF page 412 of the application, which is Exhibit 1-A, you'll see that -- just you'll see the table, and just before the table it say: (as read)

"Full costs of the MLESP by year, after transfer of applicable costs to the MGS relicensing project, are detailed in the table below."

Now, in that paragraph which I've just read, my understanding is YEC is telling readers that Table 5.2A-14 is showing net, not gross costs, after the transfer of 2.36 -- 336 million of costs to the MGS relicensing project because it shows a grand total of 2,267,000 at the bottom of the right corner of the table;

is that correct.

A. **MR. EPP: Yes, that is correct.**

Q. Thank you. Now, can you confirm that none of the approximately 2.336 million of cost transferred to the MGS relicensing project was incurred after 2022?

A. **MR. EPP: Confirmed.**

Q. Thank you. Now, could you -- now, going to the updated Table 5.8 from the June 30th supplementary information, Exhibit 2-A, specifically if you could go to PDF page 31, which is showing approved amounts for the years 2023 and '24, there is the line for the MGS five-year water licence renewal, which I see having a closing construction work-in-progress balances for 2023 and 2024 respectively of $3,594,200 and $6,694,200 respectively as I said.

Now, going to the part of the updated Table 5.8 that shows the '23 and '24 actuals, and that's PDF page 34, that I'm on the page that shows deferred costs, major projects over 2 million, licensing and -- the line for the Mayo Lake enhanced storage project is close to the line for the MGS five-year licence renewal.

Now, on the Mayo Lake enhanced storage line, I see an opening balance in 2024 of $4,645,500, a negative capital expenditure of $2,378,300, and in addition to rate base of $2,267,200, which closes out the construction work-in-progress balance at the year's end?

So my question is, the Appendix 5.2A write-up says that the 2.366 -- 336 million of costs were transferred to Mayo Lake enhanced storage line, but the construction work-in-progress continuity transfer is about 42,300 more, and can you explain the difference? I'm looking at $2,378,300 minus the $2,336,000.

A. **MR. EPP: Madam Chair, I'd have to take that away to find out what the $42,000 difference is.**

Q. All right. Thank you.

**UNDERTAKING - TO DETERMINE WHAT THE $42,000 DIFFERENCE IN APPENDIX 5.2A IS RELATED TO THE MAYO LAKE ENHANCED STORAGE LINE**

Q. MS. BENTIVEGNA: Now, can you confirm, subject to check, that while there were forecasts of capital expenditures for the Mayo Lake enhance storage project in 2023/24 GRA, YEC did not include a business case in that application for it?

A. **MR. EPP: Madam Chair, in the 2023/2024 general rate application, business cases were put forward for those projects and added to rate base at that time.**

Q. Sorry, Mr. Epp, getting late in the afternoon, so there was not a business case?
A. **MR. EPP: We may have provided updated information. I don't recall offhand what the specifics were, but the -- for the 2023/2024 general rate application as the Mayo Lake enhanced storage project was not to be added to rate base, there would not be a, what's called a business case.**
Q. All right. Thank you.
Now, if you go to the Mayo Lake enhanced storage project in '25 to '27 GRA and that's the appendix we've been talking about 5.2A-4 PDF pages 407 to 414, and I'm interested in the brief discussion of cost and benefits of the options of the removal of the coffer dam only, which is compared to the more expensive option involving the removal of the coffer dam physical dredging of the channel and lowering of the licence low supply level. This is at PDF page 411 of the application.
And it starts: (as read)
"An economic analysis was conducted with updated assumptions to estimates, the levelized cost of energy of two options."
And so those -- my questions relate to that. So I'm

assuming that YEC has a document in its possession that supports the option, the removal of the coffer dam only shown on PDF page 411 of the application that supports the $2 million cost estimates discussed there.

A. **MS. CUNHA: Madam Chair, I can confirm that we do have -- we have included the coffer dam remnant removal as part of the YESAA assessment and the scope of the Mayo Generating Station five-year water use licence, and we do have the support of the First Nation of Na-Cho Nyäk Dun to include the removal of the Coffer Dam remnants as part of the that five-year licence renewal.**

**Those works have also been part of the YESAA assessment, which just -- we had a decision by Yukon government a couple of days ago that agreed with the assessor that the project, as a whole, is to -- is okay to proceed based on some conditions.**

**So if the question is asked do we have the support to include and move ahead with the coffer dam remnants removal, the answer is yes.**

Q. And just to be clear then, you have YESAB approval to remove the coffer dam, is that -- do I understand you correctly?

A. **The coffer dam removal, the remnants were part of the YESAA proposal for the broader one of our five-year**

**water use licence renewal, and so the assessor recommended for that project to proceed.**

**We received a decision document from the Yukon government a couple of days ago that agreed with the assessor that the project as a whole, the relicensing which included that element as well as the replacements of the Mayo Lake control structure be okay to proceed on some terms and conditions related to fish, heritage, et cetera.**

**And at present time and we are awaiting the decision document from DFO, which will be very specific to fish, so we don't anticipate any specific comments related to the coffer dam.**

Q. Thank you for that explanation. Now, to go back to the updated Table 5.8 in the June 30th supplementary submission, at PDF page 37 in -- that's Exhibit 2-A there's a construction work-in-progress balance for the MGS five-year water licence renewal project. There it's zeroed out with the addition to rate base of $7,294,800 in 2025.

So now if you go to the Appendix 5.2A-3 of your 2025 GRA application, Exhibit 1-A which is the business case for the MGS five-year water use licence renewal project, it begins at PDF page 396 and goes to PDF page 406.

So I'd actually like to go right to the end of PDF page 406, and there's a table called Table 5.2A-12, MGS relicensing project total costs, and it provides a breakdown of the MGS relicensing project costs that total to 7.295 million.

Now, a bit earlier we were talking about the cost of about 2 million to remove the coffer dam. Can you confirm that the cost of removing the coffer dam is not included in the 7.295 million total or is it?

A. MR. EPP: **Madam Chair, the costs that were incurred -- that were transferred from the MLESP, the Mayo Lake enhanced storage project, are included in the total number of the MGS project cost that's been added to rate base.**

**So you have referenced Table 5.2A-12 of 7.3 million.**

Q. Yes.

A. MR. EPP: **If you go back one page, you'll see Table 5.2A-11, which is the $2 million MLESP project costs transferred, and go back another page to Table 5.2A-10. Those are the costs excluding the cost transferred. So you add those two up to get the 7.3.**

**And, sorry, if you were referring to the actual costs in the future to do the actual work to remove that coffer dam, that is zero right now. That would be**

**a new project in the future, and we have -- well, there's no estimate in here as far as a dollar amount.**
Q. So --
**A. MR. EPP: And we are not asking --**
Q. And in that estimate of 2 million would be a future cost to remove the coffer dam?
**A. MR. EPP: No, the 2 million is related to the costs already incurred.**
Q. Okay.
**A. MR. EPP: For -- to get to this point.**
Q. Okay.
**A. MR. EPP: And to get the approval of it as part of the MGS licence. So once the MGS licence is approved, that process is done, and then we could go ahead and do construction of the actual removal -- construction. But it's the physical work of actually removing the coffer dam.**
Q. All right. So then if I'm understanding you then, is it expected that the work would happen in the '25 to '27 GRA?
And if so, where are those costs or forecast costs reflected for the removal of the coffer dam once you get your licence?
**A. MR. MURCHISON: Madam Chair, that project is not in the GRA. The project would likely be included with**

**the replacement or upgrades to the Mayo Lake control structure, which is in a future year.**

**And when you think about future years, it would likely be occurring after Wareham Dam spillway replacement slope work is done, so that's further out in the plan as far as work goes.**

Q. Thank you.

MS. BENTIVEGNA: Madam Chair, maybe this would be a good time to stop since I'm going to start on a new project topic.

THE CHAIR: Okay. Then we'll call an end to it today. Thank you, everyone.

THE CLERK: 9:30 tomorrow?

THE CHAIR: 9:30.

THE CLERK: Order. This hearing is now adjourned to 9:30 on October 23rd, 2025.

(PROCEEDINGS ADJOURNED AT 4:57 P.M.)

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PROCEEDINGS ADJOURNED TO 9:30 A.M. ON OCTOBER 23, 2025

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Certificate of Transcript

We, the undersigned, hereby certify that the foregoing pages 164 to 322 are a complete and accurate transcript of the proceedings taken down by us in shorthand and transcribed from our shorthand notes to the best of our skill and ability.

Dated at the City of Whitehorse, Yukon Territory, on October 22, 2025.

"Leanne Kowalyk"
Leanne Kowalyk, RCR, CSR(A)
Official Court Reporter

"Sonja Petryshyn"
Sonja Petryshyn, CSR (A)
Official Court Reporter

- I N D E X -

VOLUME 2

EXHIBITS

<u>UNDERTAKINGS GIVEN</u>

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