



#2 Miles Canyon Road
Box 5920, Whitehorse
Yukon Y1A 6S7
yukonenergy.ca

November 20, 2020

Ms. Bonnie King, Vice Chair
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Dear Ms. King:

Re: Yukon Energy Corporation 2021 General Rate Application

Attached to this letter is the electronic version of Yukon Energy's 2021 General Rate Application ("Application" or "GRA"). The filing consists of the Application and the Supporting Documents (comprising 11 tabs of detailed materials).

This GRA deals primarily with Yukon Energy revenue requirement matters for the 2021 test year. It does not address in any material way cost of service and general rate design matters that would require joint work with ATCO Electric Yukon ("AEY").

Current Context and GRA Approach

Yukon Energy's last requested rate increase was for the 2017 and 2018 test years. Existing Yukon Energy rates were established in December 2019 based on the 2018 revenue requirement approved by the Yukon Utilities Board.

Yukon Energy has experienced increased costs and serious revenue shortfalls since 2018, and a new GRA is required to address these revenue shortfalls. The Application addresses forecast revenue shortfalls for 2021. Key changes since the 2017/18 GRA that are driving rates include: changes in investment expenditures for sustaining capital, new supply development, and asset management development; diesel rental requirements driven by non-industrial peak load growth; fuel price changes; other non-fuel operating expense increases; and other cost changes documented in the Application.

Notwithstanding these serious revenue shortfalls and the need for a rate increase, COVID-19 pandemic disruptions make this a particularly bad time for ratepayer bill increases.

In response to this situation, Yukon Energy has developed an approach to enable a rate adjustment for the 2021 test year to address YEC's financial requirements without any material change to Yukon ratepayer bills. The proposed approach in the 2021 GRA is to include only one test year (2021) and to time rate increases on July 1, 2021 and December 1, 2021 to coincide with reduction or expiration of existing rate riders.

Proposed Timing for Interim Rates and Final Rates in 2021

Rates arising from the final order in this GRA are not expected to be approved and in place until late 2021.

The Application includes a request to implement an interim refundable Rider J increase of 10.08% applicable to firm retail customers and industrial customers, effective July 1, 2021. Yukon Energy is proposing the July 1, 2021 effective date for the interim rates to reduce customer bill volatility, i.e., the current Rider F is forecast to be reduced effective July 1, 2021, and the Rider J increase of 10.08% will offset the Rider F reduction.

Any required "true up" between the utility and ratepayers for 2021 will be part of the Board's final order setting out rates arising from this Application. In order to minimize ratepayer bill impact and thereby reduce customer bill volatility, Yukon Energy is also seeking approval for final 2021 test year rates to be effective on the same date as the removal of Rider J1, i.e., this will enable coordination of final rates with removal of the 2017-18 YEC GRA true up Rider J1 of 9.25% which is in effect until November 30, 2021, or such earlier month end when the \$12.557 million 2017-18 shortfall has been recovered.

Proposed Process

Yukon Energy proposes that the Board establish a process at the earliest opportunity to allow for interested parties to be registered, and for a schedule to be developed for full public review of this Application. We attach for the Board's consideration a proposed schedule. Yukon Energy will arrange for publication of a Notice of the Board's process and date for public hearing in the local press once these plans are finalized.

As has been done in the past, the schedule contemplates a workshop early in the process at which Yukon Energy will provide an overview of the overall Application for interested parties and Board staff. This potential workshop can be structured as required to accommodate the interests of the Board.



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Copies of this letter and the Application are accessible on Yukon Energy's website at www.yukonenergy.ca/about-us/business-documents/regulatory-filings.

If you have any questions regarding the above, please call.

Yours truly,

A handwritten signature in black ink, appearing to read "Ed Mollard", is positioned above the printed name.

Ed Mollard
Chief Financial Officer

YUKON ENERGY 2021 GENERAL RATE APPLICATION

PROPOSED SCHEDULE

Application filed with YUB November 20, 2020

Pre-hearing Conference and Workshop

Publish Notice (2 weeks) December 4, 2020

Intervenors Register with Board (2 weeks) December 18, 2020

Workshop (format to be determined) January 8, 2021
(Yukon Energy to provide summary of its proposals and Application)

Proposed Schedule for Review of Application

IRs to Yukon Energy (3 weeks) January 29, 2021
Yukon Energy responses (4 weeks) February 26, 2021

Intervenor Evidence filed (3 weeks) March 12, 2021

IRs to Intervenors on their Evidence (2 weeks) March 26, 2021
Intervenor responses (2 weeks) April 9, 2021

YEC Rebuttal Evidence (if necessary) (1 week) April 16, 2021

Hearing (format to be determined) April 26-30, 2021

Final Argument (2 weeks) May 14, 2021
Reply Argument (2 weeks) May 28, 2021

Notes – Christmas is on December 25, 2020, Boxing Day is on December 26, 2021, New Year's Day is on January 1, 2021, Good Friday is on April 2, 2021, Easter Monday is April 5, 2021, Victoria Day is on May 24, 2021, National Indigenous Peoples Day is June 21, 2021; Canada Day Holiday is July 1, 2021; Discovery Day is August 16, 2021; Labour Day is September 6, 2021; Thanksgiving is October 11, 2021; Remembrance Day is November 11, 2021.