



The Yukon Electrical Company Limited
An **ATCO** Company

December 30, 2011

Yukon Utilities Board
Box 31728
Whitehorse, YK Y1A 6L3

Attention: Deana Lemke
Executive Secretary

Dear Ms. Lemke

**RE: Consultation regarding the review and update of Yukon Utilities Board
Scale of Costs and Rules of Practice**

In response to the Yukon Utilities Board's (the "Board") consultation process letter dated November 8, 2011 to interested parties regarding the review and update of the Board's Scale of Costs and Rules of Practice, The Yukon Electrical Company Limited ("Yukon Electrical") thanks the Board for the opportunity to provide the following comments.

Scale of Costs

The Board exercises its discretion to award costs in accordance with Section 56 of the Public Utilities Act. Schedule I of Order 1995-2 sets out the professional fees and disbursements that are allowed to be billed for all hearings commencing on or after September 1, 1995. Given it has been over 16 years since the last review of allowable fees and charges, Yukon Electrical is of the view the allowed levels of professional fees are not reflective of today's rates in the marketplace. Given it is Yukon Electrical's understanding the Alberta Utility Commission (AUC) reviewed its Scale of Costs in the relative recent past (2008), Yukon Electrical believes the AUC's Scale of Costs for professional fees is a reasonable scale to match in the Yukon. This suggestion is consistent with an alternative proposed by Leading Edge.

With respect to disbursements, Yukon Electrical believes most if not all parties included in recent proceedings have been mindful of the reasonableness and prudence of costs incurred. Recovery of costs incurred should, therefore, largely continue to be based on the filing of actual receipts and an assessment by the Board as to their reasonableness and prudence. Similar to Leading Edge's recommendation, rates for meals and vehicle

mileage disbursements should be based on Yukon Government rates or some subset thereof.

Rules of Practice

As detailed in its regulatory applications for at least the past twenty years, Yukon Electrical has prepared its various regulatory applications with modest Yukon based resources supplemented by interaffiliate ATCO Electric and external regulatory legal resources based in Alberta. In addition, expert depreciation and cost of capital resources have been retained as required. Yukon Electrical believes this long standing model of accessing these affiliate resources at cost, on an as and when need be basis, is a reasonable and prudent way of maintaining regulatory continuity and minimizing costs.

In a number of recent YUB Orders, most notably in Board Orders 2009-06 and 2011-08, the Board did not allow the cost claim recovery of what Yukon Electrical believes to be prudently incurred costs associated with Phase I and Phase II regulatory application services provided by ATCO Electric.

In the reasons for Board Order 2009-06 (page 8 of 10), the Board states:

Participation in the proceeding by ATCO Electric was on an interaffiliate basis, and as such, the hours claimed for services provided by ATCO do not fall under the scope of the scale of costs.

In the reasons for Board Order 2011-08 (page 9 of 13), the Board states:

With respect to the regulatory support provided by ATCO Electric's Pricing Group, the Board is of the view that these services were provided on an interaffiliate basis. The Board considered the Master Service Agreement appended to the cost claim and it seems that the provision of regulatory support is included under this agreement, which the Board considers was part of the revenue requirement forecast for YECL. Therefore, the Board denies the fees claimed for services provided by ATCO Electric as these costs do not fall under the scope of the Scale of Costs.

While Yukon Electrical acknowledges additional work is required on its part to effectively communicate and demonstrate to the Board what it has or has not forecasted in its revenue requirement for interaffiliate services as part of its next Phase I General Rate Application, Yukon Electrical nevertheless respectfully requests the Board consider expanding the scope of the Scale of Costs to include interaffiliate services. This would facilitate the recovery of prudently incurred regulatory costs, subject to Board approval

as part of a cost claim process, that were not otherwise forecast or recovered as part of the Phase I revenue requirement. The effect of this change by the Board would be to treat affiliate services no differently than services acquired from third parties as part of the cost claim process. Given the affiliate services are purchased at cost as opposed to market rates, it is Yukon Electrical's belief this approach is a reasonable and prudent way of maintaining regulatory continuity and minimizing costs.

In section 13 of the current Rules of Practice, Yukon Electrical also recommends the Board update the wording to reflect today's electronic filing practices.

In conclusion, Yukon Electrical once again thanks the Board for the opportunity to provide comments on the Scale of Costs and Rules of Practice and hopes the comments provided are useful to the Board in its deliberations.

Yours truly,

THE YUKON ELECTRICAL COMPANY LIMITED

Original Signed By

James Grattan
Senior Manager Regulatory

Cc: Interested Parties