

1 **REFERENCE: Application, Section 4.1 – PPA Rates, Page 6, Footnote 5**

2
3 “The 2008 Firm Mine Rate outlined in Schedule C provides for \$15 kVA per month
4 (demand charge) and \$0.076 per kW.h (energy charge); together these rates equal
5 approximately 10 cents per KW.h for Minto Mine purchase of 32.5 GW.h per year of
6 electricity at a peak annual load of 4.4 kMA. This average rate includes the Demand
7 Charge and Energy Charge rates in the Schedule C Industrial Primary Rate, without
8 consideration of ongoing Fixed Charge provisions relating to ongoing monthly payments
9 by Minto for the Capital Contribution. Schedule C also includes provision for a Peak
10 Shaving Credit if Minto elects to nominate a Winter Contract Load as provided for in the
11 rate schedule.”

12
13 **REFERENCE: Application, Section 4.1.1 – Firm Mine Rate**

14
15 The Application includes evidence to confirm that this rate is in full compliance with
16 Order-in-Council 1995/90 and that the rate is sufficient to recover forecast 2008 costs of
17 service to the Major Industrial Customer class (see Attachment A).

18
19 **REFERENCE: Application, Appendix A, Section 1.0 – Introduction and**
20 **Overview**

21
22 “The Firm Mine Rate in the PPA was established based on the COS principles and
23 methods in Schedule E of the PPA.”

24
25 **QUESTION:**

- 26
27 a) Please provide details of YEC’s forecast of its total 2008 revenue requirement.
28 b) Please provide a paper copy and a working electronic copy of the cost of service
29 study used to determine that the proposed firm mine rate is sufficient to recover
30 that portion of YEC’s 2008 revenue requirement allocated to the industrial rate
31 class.
32 c) Please compare the cost of service study methodology used to develop the
33 proposed firm mine rate to the cost of service study methodology used in the
34 1996/97 General Rates Application involving both YEC and YECL.
35 d) Provide details of the functionalization, classification and allocation factors used
36 in the cost of service study used to calculate the proposed mine rate.

- 1 e) Provide detail of all costs (directly assigned costs, allocated costs, etc.) that are
2 proposed to be recovered through the proposed industrial rates.
3 f) Please compare the annual bill for the Minto mine under the proposed firm mine
4 rate versus under existing industrial rates.
5

6 **ANSWER:**
7

8 **(a) through (e)**
9

10 The relevant information is provided in each instance, to the extent it is available, in
11 Attachment A to the Application. YEC does not have an electronic copy of the COS
12 materials to provide for external use (in the past YECL/YEC electronic copies of COS
13 filings, although requested, have not been provided in YUB hearings).
14

15 Please also see responses to YUB-YEC-1-10 and 16, 18, 20, 21, 23, 24, 25, and 26.
16

17 [As directed in Board Order 2007-03, the attached Excel worksheet provides the working](#)
18 [electronic copy of the cost of service and rate design models and calculations used in](#)
19 [the PPA Application, namely:](#)

- 20 • [Schedule A-1](#)
- 21 • [Tables A-1, A-2 and A-3.](#)
22

23 [As reviewed in response to UCG-YEC-2-7a and YUB-YEC-1-10\(4\), a full cost of service](#)
24 [study has not been undertaken in Yukon since the 1996/97 GRA. The COS study model](#)
25 [used in previous Board hearings, including the 1996/97 GRA \(and in prior GRA's\), was](#)
26 [developed by YECL/APL out of Edmonton not YEC¹, and YEC does not have a copy of](#)
27 [YECL/APL's model.](#)
28

29 [Issues relating to the status of cost of service in the Yukon were the subject of a Board](#)
30 [direction arising from the 2005 Required Revenues and Related Matters Application.](#)
31 [YEC and YECL jointly filed with the Board on August 24, 2005, in response to Board](#)
32 [Order 2005-1, the Report on the most recent cost of service study. The two utilities on](#)
33 [October 27, 2005 also jointly filed a letter addressing comments from intervenors on the](#)
34 [Report on the Most Recent Cost of Service Study.](#)
35

¹ [Paper copies of COS study results were filed of the model results at the relevant hearings,](#)
[however, electronic copies were not provided at any previous hearing.](#)

1 In preparing the PPA Application, YEC did not have access to the earlier YECL/APL
2 electronic “COS model” as a base for updating the analysis. However, even if YEC had
3 access to such a model, it would not have been of any assistance given the level of
4 detail required to utilize such a model and the absence of a more recent YECL revenue
5 requirement filing.

6
7 As reviewed in the attached Tables A-1, A-2 and A-3, YEC has used the following
8 information in order to develop estimated 2008 consolidated costs of service by function
9 (as set out in Table A-3):

- 10 • Functionalized costs summarized by key items (per Table A-3) from 1997 GRA
11 with Faro mine (consistent with Exhibit 206 as filed in that hearing) and with no
12 Faro mine (consistent with Exhibit 83 in the 1998 hearing – see also response to
13 YUB-YEC-1-21).
- 14 • Revenue requirements from the 1997 GRA as approved by the Board and as
15 adjusted after Faro mine closure (Table A-1 columns 1-5 based on Exhibit 83
16 from 1998 hearing), with adjustments for post 1999 as explained in Table A-1
17 and A-2

18
19 Based on the estimated functionalized costs from Table A-3, the COS analysis was
20 carried out as per the 1998 filings of YEC to assess COS for only one rate class
21 (Industrial) under the stipulated revenue requirement and load assumptions. This
22 schedule provides the classification and allocation calculations as required for this
23 purpose. The spreadsheet was developed for internal use and not for use by others.
24 Revenues and revenue/requirement calculations are provided beneath the table.

25
26 **(f)**

27
28 The existing Rate 39 if applied to the Minto Mine load assumed in Schedule A-1 of the
29 Application would result in an average annual rate of 8.32 cents per kW.h plus a Rider F
30 charge of approximately 0.87 cents per kW.h² for a total average annual charge of
31 approximately 9.19 cents per kW.h.

32
33 In contrast, the Firm Mine Rate in Schedule C of the PPA yields an average annual rate
34 of 10.04 cents per kW.h.

² An adjustment to the current Rider F is estimated to reflect that it would then be recovered over the extra load provided by the Minto Mine.