

**UTILITIES CONSUMERS' GROUP**

Box 9300  
29 Wann Rd.  
Whitehorse, Yukon Y1A 4A2

March 19, 2009

***Original signed and hand delivered  
to Board***

Yukon Utilities Board  
Box 31728  
Whitehorse, Yukon  
Y1A 6L3

Attention: Deana Lemke, Board Secretary

**Re: 2008/09 Yukon Electrical Company Limited General Rate Application**

Dear Deana:

The purpose of this letter is to apply to the Yukon Utilities Board for the costs which the Utilities Consumers' Group ("UCG") incurred during the 2008/09 Yukon Electrical Company Limited General Rate Application proceedings.

The Utilities Consumers' Group represents the interests of residential and small business owners with our main goal of seeing well-managed, efficient electrical utilities maintaining relatively stable rates to firm consumers..

UCG was granted intervener status for this process through Board Order 2008-5. A UCG letter dated June 24, 2008 was copied to the Board regarding the retainer of Mr. R. Rondeau as regulatory consultant to perform the duties necessary to make an informed intervention. Mr. Rondeau has over 15 years experience in the energy and regulatory field.

The YECL General Rate process commenced in late April 2008 with the filing of the application and continued throughout the months of May to September, culminating with the hearing dates of October 7-9, then final argument and reply into November.

This resulted in over 6 months of process from application evidence, interim request and responses, formulation of issues, pre-hearing and transcripts to review, reviewing all files and preceding regulatory hearings, various emails/letters/notices etc to review and respond, various Board orders to review, preparation and filing of Irs, review of all Irs responses, request for further info, research and preparation of evidence, filing UCG intervener responses to Board and CoW, review of all further Irs disclosed, prepare for hearing, cross examination of two panels at hearing, review hearing transcripts, to research and prepare final and reply arguments.

Each individual allocation is outlined in the consultants' cost claim statement with hours documented for each in brackets.

UCG submits that all of the above claimed labours were part and parcel of this YECL review and necessary steps to this regulatory process. Therefore, each of these cost

items should be considered relevant to this rate application and granted cost recovery.

-2-

UCG's primary concern with this YECL application, was relayed in our executive summary in final argument: "YECL did not take the best interests of their customers in acquiring the debt debenture from their parent company, requested rate of return amount, nor capital structure proposal. Furthermore, YECL proposes to seriously inflate its rate base in the two test years by proposing several expensive capital projects that are not necessary at this time to secure safe, reliable and cost-effective electricity."

UCG was very clear on our various positions with major issues of concern, all of which affected the prescribed revenue requirement forecast: i.e. rate of return on common equity; debt to equity ratio; cost of debt; sales forecasts; operations and maintenance forecasts; efficiencies and reliability of the company; anticipated major capital projects; relationships with company affiliates; rate case costs/ reserve; and over-earnings in test years.

UCG submitted considerable interrogatories on these areas of concern to gain further evidence and reference, followed through with thorough cross-examination of two witness panels and then submitted final and reply arguments supported by evidence on the record.

UCG endeavoured to aid the Board in its' deliberations on the above application. UCG submits our cross-examination of the rate structure panel and resulting argument, along with support from other intervenor groups, helped the Board in determining:

- a lower ROE from 9.25 to 9.08;
- a lower debt interest rate from 6.6% to 5.623% from YECL parent for 2008;
- upholding the debt to equity ratio at 40/60; and
- a disclaimer about stand alone utility principle.

As well, we submit that our cross-examination of the utility panel and resulting argument, along with support from other intervenor groups, helped the Board in determining:

- better forecasting procedures for sales and resulting revenues;
- better forecasting procedures for operating and maintenance costs;
- removal of the Carcross genset and AMR capital costs from the rate base;
- correct usage of the rate case reserve resulting in lowering these rate case costs;
- support of DSM programs and IPP policy; and
- only intervenor arguing Board mandated to review with economic conditions of the time.

UCG submits our representation in the above process was informed, well -researched, organized and effective. UCG also coordinated, where possible, with other intervenors so as to not overlap on issues of concern. We submit the record of the proceedings demonstrates such. Also noted, the UCG, as well as other intervenors, was mentioned

several times in the Board's Reasons for Order 2009-2 demonstrating effective representation.

Attached is an affidavit confirming all costs were reasonably and prudently incurred, along with a breakdown of time spent for each step of the above process demonstrating effective and efficient presentation. To the best of our knowledge and belief, these claims set out by the UCG, with all the following documentation to support this cost application, represent costs and disbursements necessarily and prudently incurred to provide an effective UCG intervention and representation in the above proceeding.

-3-

Please make award costs payable to:  
Utilities Consumers' Group  
242 Squanga Ave.  
Whitehorse, Yukon  
Y1A 3Y6

Should you have any questions on this cost application, please contact me.

Yours truly,

Director of UCG

C.c. All part

**AFFIDAVIT OF CLAIM FOR COSTS  
FOR THE UTILITIES CONSUMERS' GROUP  
FOR  
Yukon Electrical Company Limited 2008-09 Rate Application**

**AFFIDAVIT**

I, \_\_\_\_\_, of the Utilities Consumers' Group representing residential and small business ratepayers of electricity in the Yukon Territory, make oath and say(or affirm):

1. I am the representative for the applicant, the Utilities Consumers' Group, and as such have the knowledge of all matters to which I hereinafter depose.
2. Attached to my affidavit is the statements setting out the claim of costs for the Utilities Consumers' Group and the required evidence of work completed in each area of the above process in accordance to the Yukon Utilities Board Rules of Practice.
3. To the best of my knowledge and belief, the claims of the Utilities Consumers' Group submitted herewith, and all the documentation in support represent costs and disbursements incurred necessarily and reasonably for the purpose of the above proceeding.

**SWORN (OR AFFIRMED) at  
The City of Whitehorse, in the Yukon Territory,  
On \_\_\_\_\_ (date)**

---

