

**IN THE MATTER OF the *Public Utilities Act*
Revised Statutes of Yukon, 2002, c.186, as amended**

and

**An Application by Yukon Energy Corporation (YEC)
for approval of the Power Purchase Agreement (PPA)
between YEC and Victoria Gold Corp. (VGC) and
StrataGold Corporation (StrataGold)**

BEFORE: B. Laking, Chair) November 16, 2017
 B. King)
 A. Fortin)
 P. Fitzgerald)

BOARD ORDER 2017-10

WHEREAS:

- A. On November 10, 2017, Yukon Energy Corporation (YEC) filed an application with the Yukon Utilities Board (Board) seeking an Order approving the Purchase Power Agreement (PPA) between YEC and Victoria Gold Corp. and StrataGold Corp. (Victoria Gold Corp. and StrataGold Corp., collectively known as “VGC Group”) (Application);
- B. The Application states that VGC Group has successfully completed environmental and Yukon Water Board reviews and permitting for the Eagle Gold Project to be located on the Dublin Gulch property approximately 40 kilometres north of Mayo. The PPA provides for the sale by YEC to VGC Group of grid electricity required to operate the mine, with commencement of the delivery of grid electricity to VGC Group estimated to begin in March 2019;
- C. The PPA includes provisions whereby the VGC Group will develop and own a 69-kV transmission line from the McQuesten substation to the mine. The McQuesten substation will be jointly developed by VGC Group and YEC but will be owned and operated by YEC. VGC Group, except as specified in the PPA, is responsible for all capital costs related to the McQuesten substation development.

- D. Prior to delivery of grid electricity, the PPA requires:
- The completion of the McQuesten substation and confirmation that the mine facilities and mine facilities spur are available to receive grid electricity;
 - YEC to complete initial YEC system improvements on YEC's existing power system to accommodate the sale of grid electricity for the mine per Schedule C of the PPA;
 - VGC Group to install VGC Group power facilities at the mine facilities and to operate those facilities as specified in Schedule D of the PPA; and
 - YEC and VGC Group to finalize an operating agreement, a draft of which is provided in Schedule E of the PPA;
- E. The PPA provides for YEC to recover from VGC Group:
- YEC's costs to negotiate and conclude the PPA;
 - YEC's capital costs for the McQuesten substation development as per Table B-1 of Schedule B of the PPA;
 - The initial YEC system improvement costs of YEC as set out in Schedule C of the PPA;
 - YEC's costs for the step-down transformer, if required; and
 - VGC Group to pay the firm mine rate as approved by the Board from time to time, including a fixed charge that is adjusted on an ongoing basis to equal 85 percent of transmission facilities' fixed costs as approved by the Board from time to time, and the provision for the VSC Group fixed charge is to be adjusted when other industrial customers utilize the transmission facilities;
- F. YEC is also seeking approval for the VGC Group PPA by February 28, 2018, including the following provisions:
- Actual YEC capital costs for negotiation and conclusion of the PPA, estimated at \$200,000;
 - Actual YEC capital costs for the initial system improvements, currently estimated at \$1,667,883;
 - Actual YEC owner costs for the McQuesten substation, currently estimated at \$483,240;
 - Actual YEC costs reasonably required for design, engineering, procurement, construction and commissioning of the step-down transformer at the McQuesten substation, if required;
 - Fixed-charge provisions as set out in Section 7.7 of the PPA, including any future amendments as set out in Section 7.7 of the PPA; and
 - Any related amendments to the Rate Schedule 39 Firm Mine Rate as required to conform with Attachment A to this Application and to accommodate the PPA; and

- G. Seeing the limited scope of the Application, pending ministerial approval, the Board is of the view that the Application will be considered by way of a written proceeding.

NOW THEREFORE the Board orders as follows:

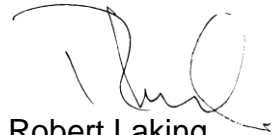
1. The following process schedule is adopted for this PPA proceeding:

| Action | Date |
|--------------------------------|-------------------|
| Information Requests to YEC | November 28, 2017 |
| Information Responses from YEC | December 11, 2017 |
| Argument | December 22, 2017 |
| Reply | January 5, 2018 |

2. No later than November 22, 2017, YEC will arrange for publication in display-ad format, of a Notice of Application as per the attached Appendix A, in such appropriate local news publications in the service area of the company so as to provide adequate notice to the public.
3. The Application and supporting material are to be made available on YEC's website: www.yukonenergy.ca. A hard copy may be obtained upon request to YEC.
4. The Application and supporting materials will also be available on the Board's website: www.yukonutilitiesboard.yk.ca.

DATED at the City of Whitehorse, Yukon, the 16th day of November, 2017.

BY ORDER



Robert Laking
Chair