



PUBLIC INTEREST ADVOCACY CENTRE
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March 19, 2010

Yukon Utilities Board
Box 31728
Whitehorse, Yukon
Y1A 6L3

Attention: Shay Smart, Executive Secretary

**Re: YEC Responses to Information Requests
Board Review of Yukon Energy Corporation Application for an
Energy Project Certificate and an Energy Operation Certificate
regarding the Proposed Mayo Hydro Enhancement Project**

Dear Ms. Smart:

The Utilities Consumers' Group ("UCG") is in receipt of the March 18, 2010 letter from Yukon Energy Corporation regarding UCG's request for more complete responses to its information requests. UCG respectfully offers the following reply submissions for the Board's consideration.

1. UCG-YEC-1-1

UCG submits that YEC has still not answered the question of how the timeframes incorporated into the Federal Funding Agreement were determined. UCG is interested in knowing exactly how YEC was informed about the timelines, who was told and by whom. This request is intended to gain a better appreciation of how funding arrangements are made with the Federal government and whether the terms and conditions are imposed upon YEC (or YTG) and, if so, by whom. UCG is concerned about the degree to which external political priorities may be driving the projects; the extent to which YEC has external requirements imposed on it is relevant context with respect to its submissions concerning the project under review.

2. UCG-YEC-1-3

UCG continues to question to what extent the Mayo B project was ever

“reviewed” in any regulatory proceeding given the vague references by YEC. It appears that this issue will need to be addressed / clarified at the oral hearing and in argument.

3. UCG-YEC-1-5

In part (b), it is assumed that any utility could provide details of the current and forecast customer base served within a specific area of its franchise. YEC suggests that “there is no basis to analyze either individual grid on a standalone basis”, UCG submits that any determination of the usefulness of information requested in a regulatory proceeding should be left with the party requesting the information. It is then up to that party to determine how it will be used to assist the Board in making the recommendations that it has been asked to make. While YEC has provided information on the number of customers on the Mayo-Dawson grid, they have not provided information on the current and expected loads on this section of its service area. UCG submits that specific load data is always a requirement when trying to justify changes to facilities. In this specific instance, the review is intended to determine if spending ratepayer money on projects related to an integrated system outweigh the benefits of maintaining less integrated systems and providing generation facilities on a distributed, on-site basis. The load data would enable a better informed debate.

In part (k), UCG submits that it would be useful to its review and argument development to see the actual application for Federal funding and the cost allocation and explanations/justifications contained therein.

4. UCG-YEC-1-6

With respect to parts (c), (d) and (e), UCG submits that YEC’s comment that the review of its project management is “inappropriate” is simply incorrect. The scope of the review includes the requirement that the YUB to identify “risks facing Mayo B and their potential impacts on rates for customers” as directed by the Minister. In the face of the past warnings from the Auditor General on how poorly YEC was able to manage large projects¹. UCG submits that the track record of how the costs of previous major projects were managed is important information to have in order to address the project management issues in this proceeding, and in particular the degree to which the forecast costs provided by YEC on major projects can vary. UCG submits that the information would still be important to have for the hearing and argument.

5. UCG-YEC-1-10

UCG submits that the information requested in parts (a) and (b) is easily attainable from YDC and is extremely relevant given the reliance that has been placed on sources of capital outside of YEC in order to make the Mayo B project appear viable. UCG also repeats its references to the Minister’s direction to review “risks facing Mayo B and their potential impacts on rates for customers” including “project financing capability” which UCG submits includes the financing

that has been proposed from YDC. In UCG's view it would be irresponsible for the YUB to ultimately recommend a project of this magnitude without satisfying itself that the external funding that underpins the project is appropriately relied upon.

6. UCG-YEC-1-18

UCG submits that the information requests is still relevant and should be easily assembled by any party properly managing a large capital project.

7. UCG-YEC-1-22

UCG submits that the requested information should be readily available and is relevant to the determination of the adequacy of YEC's consultation process.

8. UCG-YEC-1-23

UCG submits that the requested information should be readily available and is relevant to the determination of the legitimacy of the Mayo B project.

9. UCG-YEC-1-24

UCG submits that the requested materials are still relevant to this review and that there is no legal basis upon which parties to this proceeding could not be entitled to have access to it.

10. UCG-YEC-1-27

UCG submits that given that YEC's service area is not currently serviced through an integrated grid, it is important to consider how each section could be serviced without the need for the expensive integration projects. UCG submits that the requested information is still relevant.

Should you have any questions on this submission, please do not hesitate to contact me.

Yours very truly,



Michael Buonaguro
Counsel for UCG

ⁱ Office of the Auditor General of Canada – Mayo-Dawson City Transmission System Project, February 2005