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Our File No.: 12276-86

November 5, 2010

Yukon Utilities Board
Box 31728
Whitehorse, Yukon
Y1A 6L3

Att: Mr. Bruce McLennan
Chair

Dear Mr. McLennan:

**Re: Yukon Electrical Company Limited ("YECL") and
Yukon Energy Corporation ("YEC")
2009 Phase II Rate Application
YECL Reply Argument on Joint YECL/YEC Phase II Issues**

Please find attached the Yukon Electrical Company Limited's Reply Argument filed in accordance with the Board's Schedule.

Yours truly,



Loyola G. Keough
Attachs.

YUKON UTILITIES BOARD

YUKON ELECTRICAL COMPANY LIMITED and

YUKON ENERGY CORPORATION

2009 PHASE II RATE APPLICATION

YECL REPLY ARGUMENT ON JOINT YECL/YEC ISSUES

1. INTRODUCTION

In accordance with the Board's Schedule for Argument, Yukon Electrical Company Limited ("YECL") received Arguments from Leading Edge ("LE"), the City of Whitehorse ("Whitehorse") and the Utilities Consumers Group ("UCG"), as well as from YEC on both the Joint YECL/YEC issues and on the separate matters upon which the Companies did not reach agreement.

This portion of YECL's Reply will deal with those common matters upon which YECL and YEC reached agreement. As such, YECL's Reply will be restricted to matters raised by Interveners which require additional comment. In this regard, YECL can advise that, except as expressly noted, YECL's position on all matters remains as advanced in the Joint Phase II Application, Information Responses and Testimony. The failure to comment on any particular issue should not be interpreted as concurrence with the views expressed by any other party. Rather, the positions as detailed in the above-referenced materials remain the positions of YECL.

In providing these Reply comments, YECL also notes that certain parties, most notably the UCG, appear to have struggled with the boundaries of both the Board's jurisdiction and the issues that are actually before the Board in the context of this Phase II proceeding. The Argument advanced by UCG at points seeks Board Direction or Relief that is not appropriately given in the context of this Phase II hearing and which relates to matters that are not before the Board. The UCG also seeks to have the

Board address Phase I issues and engage in retroactive rate making (p. 13), something it has asked the Board to do previously regarding the very same issue (see YUB letter of June 10, 2010 that is on the public record). This inappropriate request should be denied again. Additionally, at points certain Interveners introduce new Evidence in the context of Argument. For example, LE raises "side-bar" discussions that took place during breaks at the Board's public hearing. This is procedurally inappropriate, as there has been no opportunity to test such Evidence. As such, this new Evidence should be ignored by the Board as part of its decision making process.

During Argument various Interveners commented upon the inability of YECL and YEC to put forward a common Application on all matters. These comments appear to be critical of both YECL and YEC in this regard and suggest that the lack of a uniform position was not of assistance to the Board or parties. YECL takes exception to these comments, as it must be recognized that it approaches many issues from a different perspective than YEC. As noted in Argument (p. 1) YECL is primarily a distribution company, whereas YEC is primarily a generation and transmission company. As noted, the Companies worked diligently to the very end to arrive at common positions wherever possible and should not be criticized for failing to reach common ground on every single issue. Comments were also made regarding future common applications. It must be recognized that YECL and YEC are separate corporate entities, with distinct and different cost drivers. As such, each company must individually decide when circumstances specific to it require a Phase I filing. No direction is required or appropriate regarding such future filings, particularly in the context of a Phase II Application.

As will be discussed in detail below, in Argument a number of parties have requested the Board to direct YECL and YEC to provide significant additional information as part of the Compliance Filing associated with this Application. YECL submits that this is highly inappropriate and not an effective use of available resources. A Compliance Filing should be properly restricted to responding to outstanding matters arising from the Board's Decision on this specific Application and should not be viewed as an opportunity to provide significant, new additional information that cannot be

addressed in the context of this proceeding. Additionally, in filing this Application both YECL and YEC appreciated the restrictions placed upon the Companies by the current applicable OICs. The Companies submit that additional work which ignores the realities associated with such Government instruments is not practical or productive.

YECL also observes that certain parties (see UCG Argument, p. 2) raised the matter of stakeholder consultation. YECL submits that the Companies took consultation seriously and engaged in extensive efforts to understand and address stakeholder concerns. Details of this consultation are provided in Tab 7 of the Application and document the efforts of the Companies in this regard.

As with YECL's Argument-in-Chief, YECL will generally follow the order of the materials presented in the Application. Once again, YECL will generally restrict its comments to those aspects of the Joint Application where it assumed the lead role. As explained previously, YECL supports the positions being advanced by YEC regarding the bulk power classification methods (production and transmission), on which YEC took the lead role.

In its October 22, 2010 Final Argument YEC reiterated the Phase II matters to be addressed in this proceeding and provided a summary of Decisions requested (see p. 2-4) as per the Application. Except for the differences that would flow from the adoption of the Rate Design options that have been placed before the Board, YECL is in agreement with this summary of the detailed Relief requested by the Joint Applicants in this Joint Phase II Application. YECL does not see a need to repeat this request for Relief in this Reply Argument.

In addition, in its separate Argument to be filed regarding matters where agreement was not reached between YECL and YEC, YECL's Rider D Application will be addressed.

2. COST OF SERVICE

(i) Cost of Service Study

As noted above, YEC took the lead on matters related to the allocation and classification of hydro plants and transmission lines. As such, YECL will restrict its Reply in this regard to noting that it supports the positions being advanced by YEC in the Joint Application for purposes of this proceeding. YECL will rely on YEC to further address the comments made by Interveners regarding these matters.

In its Argument (p. 16) Whitehorse submits that a new Cost of Service Study would be needed when the current OICs expire. In YECL's view, this decision is better left for the future, when the exact timing and implications of such an event are much better known. Additionally, as noted in YECL's Argument (p. 3-4) the majority of the major customer classes have not seen material changes in Revenue to Cost ratios over the extended period since the last Cost of Service Study was conducted. This certainly raises questions as to whether or not another Cost of Service Study would be required in the short term. As indicated, the Companies anticipate that they will make submissions to the Board in this regard as part of preparing future Phase II applications. Certainly, there is no need to make a Direction in the Decision arising from this proceeding regarding the filing of another future Cost of Service Study.

In its Argument (p. 7-8) the UCG discusses the movement of all rate classes to a revenue to class ratio within the 90%-110% range. The UCG appears to be critical that the Companies have done little work in this regard despite the Board's prior recommendations. This position is somewhat curious, given the UCG also appears to appreciate that the Companies' ability to effect changes that would seek to move towards this goal is expressly constrained by the existing OICs. The information filed with the Joint Application clearly details the current revenue to cost ratios and thereby enables the Board and all parties to readily assess the present situation with respect to each customer class and the changes that would be required in order to move the revenue to cost ratios within the 90%-110% range. YECL notes that the details on this information has been included in YEC's Argument (p. 8).

As such, YECL does not agree with the UCG's position that the Evidence on the record does not allow ratepayers to see the degree of subsidization which is occurring between rate classes (p. 8). As noted above, YECL disagrees with the UCG's position that the Companies should be required to develop another Cost of Service as part of the Phase II Compliance Filing. Such effort is unnecessary and would not provide additional meaningful information that would in any way impact this proceeding.

Likewise, in its Argument (p. 12) the UCG submits that the Companies should be required to develop, as part of their Compliance Filing, a Cost of Service that eliminates the "Government" classification. Again, such an exercise would be of no value and is not consistent with the realities currently in place in Yukon. As such, YECL opposes this request.

In this Application, YECL devoted considerable effort to providing a Distribution Cost of Service Study that reflected current cost drivers, even though this COS does not drive Rate Design today (because of the impact of the prevailing OICs). This was done to provide a clear Cost of Service picture today, which can be built upon for the future.

As noted in its Argument (p. 4-5) the Cost of Service methodology advanced in this Application follows the standard approach typically utilized by other Utilities in Canada and uses a three step process for functionalization, classification and allocation to determine the Cost of Service for each rate class. Furthermore, the present Cost of Service Study is largely reflective of past principles and methods that have been adopted by the Companies and approved by the Board. As such, YECL submits that the Cost of Service methodology should be accepted, as filed.

(ii) Customer and Demand Classification Factors

In its Argument (p. 5) the UCG was critical of the averaging of the zero intercept and minimum system approaches in order to calculate customer and demand classification factors. While the UCG makes the unsubstantiated statement that such averaging is not justified, it appears to ignore the information provided in both the Application and Information Response in this regard. As noted in YECL's Argument

(p. 5), Response YUB-YEC/YECL-1-7 addresses this matter and confirms that the methodologies are generally accepted for use by Regulators and have been recognized by NARUC as such.

UCG also appears to suggest that expert evidence (by an independent consultant, such as Foster Associates) should have been presented in this proceeding. YECL certainly does not consider that the additional expense associated with presenting such expert evidence would have been justified in the circumstances. The evidence presented by YECL does constitute evidence that is on the record and which can be relied upon by the Board to support the approval of the approach advanced herein. As set out in Application Tab 3, Appendix 3.2, Page 3.2 A-6, this approach is consistent with the approved methodology of ATCO Electric, Northland Utilities (NUY) and Northland Utilities (NWT), as well as the approach recommended by Foster Associates in past proceedings.

Finally, this approach is consistent with past practice and, as noted, does not result in significant differences as between the two methodologies (1T99-100). The averaging of the two methodologies is intended to remove the inherent and offsetting "biases" that are otherwise reflected in each individual approach. YECL submits that the approach used in this Application should be accepted, as filed.

(iii) EDLA

During Argument various parties commented upon the updated Energy Demand and Loss Analysis ("EDLA") provided as part of the Joint Application. As well, as noted in YECL's Argument (p. 6) this matter was part of the September 30, 2010 filing, Attachment A between YECL and YEC which reflected the Joint Agreement of the Companies on a number of outstanding issues. Unfortunately, many parties appear to misunderstand this issue and this has led them to think that the EDLA has no Yukon basis.

While no party appears to dispute the fact that the current EDLA Study should be used for purposes of this Phase II proceeding, there still appears to be a measure of

confusion associated with the updated EDLA Study and any purported shortcomings associated therewith. This confusion was likely exacerbated by the protracted discussion that occurred on the record, which seemed to suggest that the data utilized in preparing the EDLA Study was somehow deficient. As noted by YECL in its Argument, this is simply not the case.

Parties appear to recognize that it would not be economic or practical to attempt to put in place the infrastructure necessary to conduct the required load studies for Yukon in order to obtain the detailed information needed. YECL agrees with this view and, as such, it appropriately uses as a valid proxy, which relies upon comparable data from ATCO Electric, which has been scaled for Yukon, based on established formulas from the Demand Tables developed by the U.S. Department of Agriculture.

Furthermore, there is a "Yukon based explanation" for the Yukon load factor. As noted in YUB-YEC/YECL-1-8, the increase in the calculated CP and NCP demands are a result of an increase in forecast energy sales. The "energy" for Yukon is derived from the Phase I sales forecast that was approved by the Board for YEC in Order 2009-1 and for YECL in Order 2009-5.

YECL would also note that the exact same methodology was used and approved by this Board in the 1996/1997 Cost of Service Study (2T140).

During the hearing (2T137-138) LE suggested that reading a sample of Yukon meters could assist in providing a basis for a Yukon based study. YECL does not accept this as a reasonable approach and the data obtained would not constitute a valid sample for load research purposes. As noted by Mr. Osler, even if you randomly picked distribution feeders, you could never be sure that they represented an appropriate sample of all customers. YECL submits that such an approach is fraught with difficulties and would not provide a reasonable basis for deriving load information. The approach adopted by YECL is fair and reasonable and should be accepted as such.

YECL has agreed to work with YEC to verify the suitability of this data for the next Phase II proceeding. However, this does not detract from the validity of using this information in this proceeding. As such, the EDLA Study should be approved, as filed.

With respect to this matter, YECL notes the UCG's comment that the Yukon Government could cover the costs of such a Load Study. YECL does not consider this to be needed and certainly this represents a matter beyond the scope of the Board's jurisdiction. There is no need for the Board to address this comment in its Decision.

No further comment is required with respect to the other Cost of Service matters addressed by YECL in its Argument-in-Chief, as Interveners did not comment on these items during Argument.

3. TERMS AND CONDITIONS OF SERVICE

As anticipated by its Argument, a number of parties commented on specific aspects of the Terms and Conditions that require a response herein. YECL assumes that parties do not object to the balance of the Terms and Conditions, so no additional reply comments will be made in this regard.

(i) Maximum Investment Levels

One of the areas that attracted considerable attention related to the proposed changes to the Maximum Investment Levels ("MILs") jointly advanced by YECL and YEC pursuant to the updated Agreement reached in the September 30, 2010 filing (Ex. B-9).

A key consideration for the Companies is that no parties objected to the principles put forth in support of the requested changes to existing MILs and the fact that these principles should provide the framework in which the current and future MILs are properly examined. The Companies request that the Board confirm the appropriateness of examining MIL levels in the context of these principles.

While no party objected to changing the current MILs, which had not been updated for an extended period, Interveners expressed diverse views regarding the

applied-for changes to MILs. The positions advanced ranged from support for the updated two year MIL increases, to a submission that a single step increase should be approved by the Board, to the positions advanced by the UCG in its Supplementary Argument of October 24, 2010, wherein it appears to be advancing a complete reworking of the basis used to calculate MILs for the Companies. As well, Whitehorse and the UCG appear to oppose the adoption of a fixed plus variable MIL approach. As noted by the Companies, they would support the "single step" approach of adopting 2012 requested levels at the time the Board approves this Application and the associated Compliance Filing. The Relief requested herein should be modified accordingly.

Notwithstanding the various views expressed by Interveners, there appears to be a general recognition that the current MIL levels are inadequate and no longer reflect the cost associated with constructing customer extensions at this point in time. As noted by Whitehorse, the current MILs are out of date and therefore a review is appropriate (see p. 16-19). As noted, Whitehorse does also not agree with the fixed and variable approach proposed for the general service class and would prefer an approach where MILs increase with demand.

In many respects, YECL considers the recommendations being advanced by Whitehorse and the UCG as constituting refinements to the joint position now being advanced by the Companies. While it is recognized that any number of combinations or permutations could be used to derive new MIL levels, the Companies submit that the proposal contained in the September 30, 2010 filing reflects an appropriate balancing of the various concerns associated with providing customers an appropriate share of the costs of constructing new extensions, while at the same time recognizing the burdens placed on the system by customers with an above average cost of connection. As such, while there may not be a single "right" solution, the joint position now being advanced to the Board is reasonable and should be accepted as such.

In its Argument (p. 3) the UCG appears to have misunderstood the intent of examining the MILs of neighbouring Utilities as part of the considerations used to

determine appropriate MILs for YECL/YEC. There is no suggestion or intention to directly match the dollar value investment levels from other jurisdictions. Rather, the intention is to move towards a common approach to setting appropriate investment levels, as seen in other jurisdictions. This would include reliance upon the average cost approach, but not an attempt to simply adopt the same dollar values. Hopefully this clarification addresses the UCG's concerns.

YECL notes that both Whitehorse and UCG do not support approval of YECL's proposal to change the current General Service MIL from a single variable MIL to a fixed and variable MIL starting in 2011. The concerns raised by Interveners suggest that an inequity occurs in the rate class that may result in larger general service customers receiving less company investment than smaller general service customers. YECL submits that its proposed approach will benefit a larger percentage of general service customers since the majority of customers in this rate class are less than 50 kW. This is illustrated in Graph 2 on Page 5.4-10 of the MIL Study. In addition, as noted by YECL in its MIL Study in Tab 5, Appendix 5.4 of the Application, changing to a fixed and variable investment component will result in a larger percentage of general service projects being covered by MILs. As set out in Page 5.4-10 of the MIL Study: "Using this equation as the basis of the proposed MIL, 60% of the projects and 81% of total project costs will be covered whereas, as mentioned in Section D, only 25% of the projects and 77% of the total project costs are covered with the current General Service MIL". YECL submits that its approach for the general service rate class is appropriate and will benefit a greater number of customers.

YECL would also like to address the concern raised by UCG in its Argument (p. 4) wherein it submits that there has been no evidence submitted that justifies charging both small and large General Service customers the same flat fee for connection. UCG also questions how the average cost (2011\$) identified by the Utilities of \$17,627 per project, plus \$454 per kW per project, is accurate for all sizes of General Service extensions. It is important to clarify that YECL would not "charge the same flat fee" to all customers, but rather would apply the fixed investment level against the construction cost for both small and large General Service customers to arrive at a

construction contribution. The calculation of the proposed investment level is explained in YECL's MIL Study found in Tab 5, Appendix 5.4, Page 5.4-9. The method is consistent with the ten guiding principles discussed above; and it also recognizes the historical average costs from the general service rate class. The majority of general service customers, on average, would see an increase in investment under YECL's proposal. This is demonstrated in Graph 2 on Page 5.4-10 of the MIL Study found in the Application.

YECL notes that no Intervener objected to YECL's proposed changes to the Street Lighting investment as outlined in Table 1 of Exhibit B9. However, Whitehorse has proposed in its Argument (p. 20), paragraph 51, that the proposed \$1,240 MIL per fixture may not be appropriate depending on the outcome from the City's experiment with energy-efficient street lighting. As a result, Whitehorse is suggesting that the Utilities share in 50% of the cost of installing energy-efficient streetlights with the municipality. YECL does not support this position, as the proposed investment levels at this time are adequate and the suggestion by Whitehorse would deviate from the ten guiding principles that are being advanced herein. It is also difficult, if not impossible, to know what the outcome of the proposed test or experiment will be; and this should not guide approved MIL levels.

In its Supplementary Argument UCG advances a completely new approach to determining MILs that seeks to link the customer contribution to each individual connection and which would be determined on a customer by customer, situation by situation basis. This is entirely inconsistent with the "average cost" approach that underlies YECL's recommendation. While UCG's approach is inconsistent with commonly accepted practice, also of concern is the fact that this approach (and any "evidence" purportedly supporting it) was advanced for the first time in Argument. Furthermore, YECL's proposed MILs align with cost causation and standards of service. For all of the above reasons, the UCG's new suggestion should not be accepted by the Board. Rather, the joint approach being advanced by YECL and YEC, as modified for a "single step" approval of 2012 levels should be accepted by the Board.

(ii) Customer Bill of Rights

As expected, the UCG advanced arguments with respect to the development of a Customer Bill of Rights. As noted during Testimony and in Argument, such an approach would be unusual when compared to other jurisdictions and is also seen as unnecessary, given that the issues to be covered in a Customer Bill of Rights are already comprehensively addressed in the proposed Terms and Conditions. As such, the Companies are of the view that a separate document containing such Rights is not needed.

(iii) "User Friendly" T&Cs

While a number of parties commented upon making the Terms and Conditions more "user friendly", the Companies would be concerned with any Board Direction to make the Terms and Conditions more "folksy". It must be recognized that the Terms and Conditions are in essence the legal contract between the Utilities and their customers and, as such, must clearly lay out each parties respective legal rights. While the desire to make the Terms and Conditions less legalistic may be enticing, it would detract from the true purpose of these Terms and Conditions and is not seen as appropriate or advantageous. In addition, the approach adopted in developing these Terms and Conditions is consistent with that used in other jurisdictions which has been approved by a number of Regulators. The Companies would discourage the Board from attempting to revise the Terms and Conditions in this regard.

(iv) Cost Sharing

The submissions of Leading Edge (p. 2) also addressed the cost sharing period as established by the proposed Terms and Conditions, which specifically impose a five year limit on any such cost sharing. While it is appreciated that LE was able to identify a specific situation where Mr. Maissan would like to see additional relief granted, the existence of such a situation does not warrant a departure from a commonly accepted practice, which appropriately balances the interests of customers and the costs of administration that would be incurred by the Companies. LE probed the number of

customer extensions which involved contributions at various levels, over the past number of years, through the I.R. process and cross-examination. The information provided in LE-YEC/YECL-1-31(b)-(g), as further clarified in the August 4, 2010 letter to the Board from YECL and YEC, details the number of construction contributions in each of the tranche's identified by LE. While LE appears to have misinterpreted the information provided, YECL confirms that it does, in fact, represent one customer per Project. Hopefully, this clarification is of assistance to LE.

LE is critical of the fact that YECL/YEC did not identify the specific detailed costs of tracking each extension. As laid out in the I.R. Response identified above, YECL does not track administrative costs by activity or to this level of detail. However, this does not detract from the reality that tracking each extension in this manner would require that YECL/YEC amend their current business practices to incorporate tracking mechanisms that would detail each and every extension, as future sharing might be possible. Imposing this requirement would only add additional costs and administrative burdens, with no material benefits to customers. A materiality threshold would not meaningfully change this situation, and is not viewed as making LE's proposal any more practical or acceptable.

As noted in LE-YEC/YECL-1-31, for 2009, 84 non-industrial customers paid a construction contribution in excess of \$15,000. All such situations would have to be tracked, regardless of whether a new customer is tapping off an extension, with a portion of new line or simply tapping off an existing transformer. YECL is not simply dealing with a few extensions per year. LE's proposal would lead to unnecessary and material administrative burdens and should not be accepted.

In its Argument (p. 28), Whitehorse expresses support for the situation identified by LE and intimates that the cost sharing proposal is inconsistent with the postage stamp principle embedded in OIC 1995/090. YECL does not agree with this assertion. The proposed cost sharing appropriately balances fair treatment of customers and the Utility and does not infringe the postage stamp principle for charging rates. Customer

contributions are determined to assure that all customers are treated fairly when being provided service.

The Companies submit that the cost of developing the systems and processes to track all forms of new extensions and implement systems to refund a portion of the initial contribution, should another customer share some of the facilities, for an extended period is simply not appropriate. The current practice has been effective and continues to work well. The Companies submit that the requested five year cost sharing period is reasonable and should be accepted in the circumstances.

The only other aspect of the Terms and Conditions which attracted comment was the matter of late payment charges. The UCG commented on this matter in Argument (p. 16-17). The UCG appears to suggest that such late payment charges should be based on cost. In the Joint Phase II Application, YECL proposed to base the fees on an approach that is consistent with approved methods in other jurisdictions. There is no evidence to suggest that customers are abusing the late payment process because the fees are low. YECL does not consider that the UCG's proposal is needed or appropriate. The Companies submit that the current proposal reflected in the Terms and Conditions is reasonable and appropriate and should be approved as such.

Otherwise, as mentioned above, little comment was made on the balance of the Terms and Conditions and the Utilities submit that they should be approved, as filed.

4. ADDITIONAL MATTERS

As anticipated, a number of parties raised the issue of Demand Side Management ("DSM") during the course of Argument. As noted during Argument (p. 12-13), the Companies are aware of this issue and are working jointly with other bodies and interested parties in an effort to develop a responsible DSM program for Yukon. Contrary to the comments made by certain parties, YECL/YEC are not taking this matter lightly. Rather, it is a broader based issue that requires the input of various stakeholders. This matter is progressing in accordance with the aforementioned developments and, as such, no further Direction of the Board is required in this regard. Once the Government of Yukon establishes the necessary framework and policies the

Utilities will work cooperatively to implement these plans and determine revenue requirement impacts.

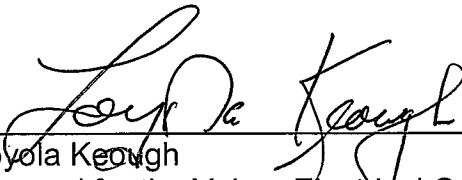
A number of parties also raised the issue of seasonal rates. An associated issue relates to the introduction of time of use rates. While the Companies recognize that there indeed is a difference between summer and winter energy demand, and the associated costs, this matter requires significant additional work before implementation could even remotely be considered appropriate. The main purpose of introducing such measures is to provide customers with timing signals and test whether or not customers are able or willing to shift or reduce consumption. There are many challenges to introducing appropriate Rate Design changes that would facilitate such measures, including the existing OICs and the Government's IER program. As detailed in Testimony (2T342-344) there are many reasons why it is not appropriate to move forward with these measures at this time. Until Rate Design can be altered to address Revenue to Cost issues, any attempt to introduce these measures is premature.

In addition, metering and billing infrastructure costs would have to be incurred in order to implement these measures. The Companies consider that incurrence of such costs is simply not justified at this point in time. As noted by LE, there are more pressing issues that should be addressed in advance of these initiatives. No direction is required from the Board in the context of this proceeding. The Companies submit that, at this point in time, there is no indication that the development of the required infrastructure for time of use rates would be economic. As such, the Companies recommend that a stepped and measured approach be used in developing these types of measures for consideration in Yukon.

In its Argument (p. 5) the UCG also makes reference to the development of an Ongoing Energy Conservation Action Plan. Once again, such an initiative appears to be well beyond the scope of this proceeding and would involve a number of parties beyond the Board and the Companies. As such, Directions with respect to such a recommendation are not appropriately made in the context of this Phase II proceeding.

Likewise, the UCG also raises the issue of Performance Based Regulation ("PBR"). While such regulatory schemes have been, or are being, considered in a number of jurisdictions, there is no indication that Yukon is suitable for such a regulatory scheme. Furthermore, this is primarily a Phase I issue, as a PBR mechanism would replace the Phase I Application process and, as such, should not be addressed within the context of a Phase II proceeding. No Direction is required on this matter from the Board.

ALL OF WHICH IS RESPECTIVELY SUBMITTED, this 5th day of November, 2010.



Loyola Keough
Counsel for the Yukon Electrical Company Limited