The Yukon Electrical Company Limited
An ATCO Company

April 30, 2012

Ms. Deana Lemke
Executive Assistant
Yukon Utilities Board
P.O. Box 31728
Whitehorse, Yukon
Y1A 6L3

Dear Ms. Lemke:

RE: Annual Filings – The Yukon Electrical Company Limited

In accordance with Section 25 and 84 of the Public Utilities Act, attached please find the following information:

a) 2011 audited Financial Statements
b) Utility Income and Rate of Return
c) Computation of Net Rate Base
d) Schedule of Allowance for Working Capital
e) Reconciliation of Utility Income to Net Earnings
f) Analysis of Depreciation Reserve
g) Cost of Capital Calculation
h) Property, Plant and Equipment
i) List of Officers and Directors
j) Statutory Declaration *(signed copy forthcoming)*

Yours truly,

THE YUKON ELECTRICAL COMPANY LIMITED
An ATCO Company

Originally Signed by

Dwight Redden,
General Manager

Encl.

100, 1100 First Avenue, Whitehorse, YT Y1A 3T4 tel: 867.633.7000 or 1.800.661.0513 fax: 867.668.3965

April 27, 2012

Independent Auditor's Report

To the Shareholder of
The Yukon Electrical Company Limited

We have audited the accompanying financial statements of The Yukon Electrical Company Limited, which comprise the balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010 and the statements of earnings, comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP, Chartered Accountants
TD Tower, 10088 102 Avenue NW, Suite 1501, Edmonton, Alberta, Canada T5J 3N5
T: +1 780 441 6700, F: +1 780 441 6776

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Yukon Electrical Company Limited as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

THE YUKON ELECTRICAL COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2011

THE YUKON ELECTRICAL COMPANY LIMITED
STATEMENT OF EARNINGS
(Thousands of Canadian Dollars)

	Note	Year Ended December 31 **2011**	2010
Revenues	6	**$ 48,915**	$ 47,120
Costs and expenses			
Purchased power		**24,459**	23,735
Fuel costs		**6,391**	4,836
Salaries, wages and benefits		**5,858**	5,704
Plant and equipment maintenance		**2,313**	1,958
Depreciation and amortization	10, 11	**4,129**	3,860
Other	7	**2,507**	2,359
		45,657	42,452
Operating profit		**3,258**	4,668
Interest income		**21**	26
Interest expense	14	**(1,867)**	(1,769)
Net finance income (costs)		**(1,846)**	(1,743)
Earnings before income taxes		**1,412**	2,925
Income taxes	8	**430**	977
Earnings for the year		**$ 982**	$ 1,948

THE YUKON ELECTRICAL COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
(Thousands of Canadian Dollars)

	Note	Year Ended December 31 **2011**	2010
Earnings for the year		**$ 982**	$ 1,948
Other comprehensive income, net of income taxes:			`
Losses on retirement benefit obligations [1]	22	**(14)**	(101)
		(14)	(101)
Comprehensive income for the year		**$ 968**	$ 1,847

[1] Net of income taxes of $5,000 for the year ended December 31, 2011 (2010 - $34,000).

THE YUKON ELECTRICAL COMPANY LIMITED
BALANCE SHEET
(Thousands of Canadian Dollars)

	Note	December 31 **2011**	December 31 2010	January 1 2010
ASSETS				
Current assets				
Cash		**$ 100**	$ -	$ 230
Short term advances to parent corporation	13	**800**	800	1,500
Accounts receivable		**5,663**	5,459	4,432
Inventories	9	**2,139**	1,887	1,789
Income taxes recoverable		**124**	-	604
Prepaid expenses		**123**	174	110
		8,949	8,320	8,665
Non-current assets				
Property, plant and equipment	10	**91,314**	81,301	75,371
Intangibles	11	**3,666**	3,362	3,093
Other assets	12	**71**	41	80
Total assets		**$ 104,000**	$ 93,024	$ 87,209
LIABILITIES				
Current liabilities				
Bank indebtedness	13	**$ -**	$ 235	$ -
Accounts payable and accrued liabilities		**5,084**	4,716	4,061
Owing to parent and affiliate corporations		**1,700**	1,061	868
Income taxes payable		**-**	289	-
		6,784	6,301	4,929
Non-current liabilities				
Deferred income tax liabilities	8	**1,986**	1,683	1,012
Retirement benefit obligations	22	**1,408**	1,329	1,154
Long term debt	14	**34,950**	29,950	29,950
Other liabilities	16	**32,581**	28,138	25,588
Total liabilities		**77,709**	67,401	62,633
EQUITY				
Class A and Class B share owner's equity				
Class A and Class B shares	19	**7,019**	7,019	7,019
Retained earnings		**19,272**	18,604	17,557
Total equity		**26,291**	25,623	24,576
Total liabilities and equity		**$ 104,000**	$ 93,024	$ 87,209

DIRECTOR

DIRECTOR

THE YUKON ELECTRICAL COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
(Thousands of Canadian Dollars)

	Note	Class A and Class B Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
At January 1, 2010		$ 7,019	$ 17,557	$ -	$ 24,576
Earnings for the period		-	1,948	-	1,948
Dividends on Class A and Class B shares	18	-	(800)	-	(800)
Other comprehensive income		-	-	(101)	(101)
Losses on accrued benefit obligations transferred to retained earnings	22	-	(101)	101	-
At December 31, 2010		**$ 7,019**	**$ 18,604**	**$ -**	**$ 25,623**
Earnings for the period		**-**	**982**	**-**	**982**
Dividends on Class A and Class B shares	**18**	**-**	**(300)**	**-**	**(300)**
Other comprehensive income		**-**	**-**	**(14)**	**(14)**
Losses on accrued benefit obligations transferred to retained earnings	**22**	**-**	**(14)**	**14**	**-**
At December 31, 2011		**$ 7,019**	**$ 19,272**	**$ -**	**$ 26,291**

THE YUKON ELECTRICAL COMPANY LIMITED
STATEMENT OF CASH FLOWS
(Thousands of Canadian Dollars)

	Note	Year Ended December 31 **2011**	2010
Operating activities			
Earnings for the year		**$ 982**	$ 1,948
Adjustments for:			
Depreciation and amortization	10,11	**4,129**	3,860
Income taxes	8	**430**	977
Contributions by utility customers for extensions to plant	16	**5,732**	3,770
Amortization of customer contributions	16	**(1,289)**	(1,220)
Net finance costs		**1,846**	1,743
Interest received (paid)		**19**	(1)
Income taxes (paid) recovered	8	**(536)**	609
Other		**59**	12
		11,372	11,698
Changes in non-cash working capital	21	**744**	(176)
Cash flow from operations		**12,116**	11,522
Investing activities			
Purchase of property, plant and equipment	10	**(13,717)**	(9,326)
Purchase of intangibles	11	**(580)**	(529)
Changes in non-cash working capital	21	**(183)**	86
Other		**(31)**	66
		(14,511)	(9,703)
Financing activities			
Issue of long term debt	14	**5,000**	-
Dividends paid to Class A and Class B share owners	18	**(300)**	(800)
Interest paid, net of interest received		**(1,970)**	(2,184)
		2,730	(2,984)
Cash position [(1)]			
Increase/(decrease)		**335**	(1,165)
Beginning of year		**565**	1,730
End of year		**$ 900**	$ 565

[(1)] Cash position includes cash, short term advances to parent corporation and bank indebtedness.

1. CORPORATE INFORMATION

The Yukon Electrical Company Limited ("the Corporation") is engaged in the generation, distribution and sale of electrical energy in the Yukon. Its registered office is at 100-1100 1st Avenue, Whitehorse, Yukon, Y1A 3T4. The Corporation is wholly owned by ATCO Electric Ltd. ATCO Electric Ltd. is principally owned by Canadian Utilities Inc., which is controlled by Canadian Utilities Limited, which in turn is principally controlled by ATCO Ltd. and its controlling share owner R.D. Southern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These financial statements also comply with IFRS 1 *First-time Adoption of IFRS.* In this context, the term "Canadian GAAP" refers to generally accepted accounting principles before the adoption of IFRS.

Subject to certain transition elections disclosed in Note 4, the Corporation has consistently applied the same accounting policies in its opening IFRS balance sheet at January 1, 2010, and throughout all periods presented, as if these policies had always been in effect. Previously, the Corporation prepared its annual financial statements in accordance with Canadian GAAP. Note 4 discloses reconciliations to IFRS from the previously published Canadian GAAP primary financial statements, including the nature and effect of significant changes in accounting policies from those used in the Corporation's financial statements for the year ended December 31, 2010. Comparative figures for 2010 in these financial statements have been restated to give effect to these changes.

Certain comparative figures have been reclassified to conform to the current presentation.

Rate Regulation

The Corporation is regulated primarily by the Yukon Utilities Board (the "Board"). The Board administers acts and regulations covering such matters as rates, financing, and service area.

Nature and economic effects of rate regulation

The Corporation is subject to a cost of service regulatory mechanism under which the Board establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. Whereas actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

Rate base for the Corporation is the aggregate of the Board approved investment in property, plant and equipment and intangible assets, less accumulated depreciation and amortization, reserves for future removal and site restoration, and unamortized contributions by utility customers for extensions to plant, plus an allowance for working capital. The Corporation earns a return on rate base intended to meet the cost of the debt component of rate base and to provide share owners with a fair return on the common equity component of rate base.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Board approves rates of return for the debt components of rate base based on the actual or forecast weighted average cost of the Corporation's debt and establishes the capital structure for the Corporation.

Under the cost of service methodology, the Corporation seeks approval for its revenue requirement either through submission of general rate applications to the Board or a negotiated settlement process with interested parties. In the latter case, the Board monitors the negotiated settlement process and any agreement that is reached is subject to the Board's approval. The Board may approve interim rates or approve the recovery of costs on a placeholder basis, subject to final determination.

Financial statement effects of rate regulation

In the absence of a rate regulated standard under IFRS, the Corporation does not recognize assets and liabilities from rate regulated activities as may be directed by regulatory decisions. Instead, the Corporation records revenues in earnings when amounts are billed to customers through customer rates consistent with the underlying rate design as mandated by the Board (see revenue recognition policy below). Operating costs and expenses are recorded when incurred. When the costs are incurred in the construction of an asset and the benefits received meet the recognition criteria of an asset, the costs are included as part of the related property, plant and equipment or intangible asset.

Adjusted Earnings

Financial information that adjusts IFRS results to show the effect of rate regulation is used by the Corporation's management to evaluate the performance of the Corporation. The Corporation's management assesses performance of operations principally on the basis of earnings adjusted for regulatory items as shown in the adjusted information disclosed in Note 5.

Accounting Estimates

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Such estimates primarily related to unsettled transactions and events as at the date of the financial statements. Accordingly, facts and circumstances may change and actual results could differ from those estimates. Management uses judgment and currently available information to make these estimates and these estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note 3 outlines the significant judgments and estimates made by the Corporation.

Revenue Recognition

Revenues from the sale of electricity include variable charges, which are recognized on the basis of meter readings upon delivery of the electricity to customers and include an estimate of usage not yet billed, and fixed charges, based on the provision of the distribution service during the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Certain additions to property, plant and equipment are made with the assistance of non-refundable cash contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as deferred revenue and are recognized as revenue over the life of the related asset.

Income Taxes

Income taxes represent the sum of current and deferred taxes. Income taxes are recognized in earnings or in equity to the extent that equity items are affected.

Current taxes are based on taxable earnings, which differ from earnings as reported in the statement of earnings because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible. The Corporation's liability for current tax is calculated using rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred income taxes are provided, using the liability method, on differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes ("temporary differences").

Deferred income tax liabilities are recognized on all taxable temporary differences. Deferred income tax assets are recognized on deductible temporary differences and carry forward balances of unused tax losses or credits only to the extent that it is probable that taxable earnings will be available against which these items can be applied.

Deferred income taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. If the expected tax rates change, deferred income taxes are adjusted to the new rates and the adjustment is booked to either earnings or equity, depending on the nature of the underlying temporary difference.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the deferred income tax asset to be realized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable earnings will allow the deferred income tax assets to be realized.

Cash and Cash Equivalents

Cash equivalents consist of bankers' acceptances, certificates of deposit issued or guaranteed by credit worthy financial institutions and federal government issued short term investments with maturities generally of 90 days or less at purchase.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is assigned using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs to bring the inventories to their present condition and location. The costs of purchase comprise the purchase price, import duties, and non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services. The costs of conversion include direct material and labour costs and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses and include capitalized interest incurred during construction. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Major overhaul costs are capitalized and depreciated on a straight-line basis to the next major overhaul. Other repair and maintenance costs are charged to earnings during the period in which they are incurred.

The Corporation allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates separately each such component. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Interest on the funding attributable to qualifying assets is capitalized during construction and is depreciated as part of the total cost over the useful life of the asset. Capitalized interest is calculated using the effective interest rate method based on specified rates for specific borrowings and a weighted average rate for general borrowings. Interest capitalization commences when borrowing costs and expenditures are incurred at the onset of construction on assets of substantial duration. Interest capitalization ceases when construction of the asset is substantially complete.

Depreciation is provided on assets primarily on a straight-line basis over their estimated useful lives. No depreciation is provided on land and construction work-in-progress. Depreciation periods for the principal categories of property, plant and equipment are shown in the table below:

	Useful Life	Composite Depreciation Rate
Distribution equipment	23 to 75 years	2.7%
Generation equipment	27 to 40 years	2.8%
Land and buildings	32 years	3.2%
Other	5 to 40 years	6.0%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangibles

Intangible assets, which consist mainly of computer software not directly attributable to the operation of property, plant and equipment and land rights, are recorded at cost less accumulated amortization. The assets are amortized on a straight-line basis over their useful lives, which are not longer than 10 years for computer software and between 75 and 100 years for land rights based on the contractual life of the underlying agreements.

Impairment of Property, Plant and Equipment and Intangibles

Property, plant and equipment and intangible assets with finite lives are tested for recoverability whenever events or changes in circumstances indicate a possible impairment. Impairment is assessed and tested at the cash-generating unit ("CGU") level (or groups of CGUs), which is the smallest identifiable group of assets that generates independent cash inflows. An impairment of property, plant and equipment and intangible assets with finite lives is recognized in earnings when the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Where fair value less costs to sell is not reliably available, value in use is used as the recoverable amount. Value in use is the present value of the future cash flows expected to be derived from an asset, CGU or group of CGUs.

Provisions and Contingencies

The Corporation recognizes provisions when there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The evaluation of the likelihood of the contingent events requires judgment by management as to the probability of exposure to potential loss. Actual results could differ from these estimates.

A contingent asset is not recognized in the financial statements. However, a contingent asset is disclosed where an inflow of economic benefits is probable.

Financial Instruments

The Corporation establishes the classification of financial instruments at their initial recognition. Financial assets are classified as fair value through profit or loss, available for sale, held to maturity investments or loans and receivables. Financial liabilities are classified as fair value through profit or loss or amortized cost.

Financial instruments classified as fair value through profit or loss, other than derivative instruments that are effective hedging instruments, are measured at fair value with changes in fair value recognized in earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivatives that are designated as, and continue to be, highly effective cash flow hedging instruments have gains and losses in fair values recognized through other comprehensive income. Derivatives that are designated as fair value hedging instruments have gains and losses recognized in earnings.

Financial instruments classified as available for sale are measured at fair value using quoted prices in an active market. Changes in fair value are recognized in other comprehensive income until the item is derecognized or determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is recognized in earnings. When actively quoted prices are not available, fair value is determined using other valuation techniques. If fair value cannot be reliably estimated, the item is carried at cost.

Financial instruments classified as held to maturity, loans and receivables or other liabilities are measured at fair value upon initial recognition but are subsequently measured at their amortized cost using the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities that are not fair value through profit or loss are added to the fair value of such assets or liabilities at time of initial recognition. Transactions costs for long term debt are amortized over the life of the respective financial liability using the effective interest method. The Corporation’s long term debt is presented net of transaction costs.

Impairment of Financial Instruments

An impairment of loans and receivables or held-to-maturity investments carried at amortized cost is recognized in earnings when the asset’s carrying amount exceeds the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. A reduction in an impairment charge may be reversed if the decrease is related to an event occurring after the impairment was recognized.

An impairment of financial assets carried at amortized cost is recognized in earnings when the asset’s carrying amount exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses can be reversed.

When an available for sale financial asset is determined to be impaired, the cumulative gain or loss previously reported in other comprehensive income is recognized in earnings. An impairment charge for an investment in an equity instrument classified as available for sale is not reversed. A reduction in an impairment charge for a debt instrument classified as available for sale may be reversed if the decrease is related objectively to an event occurring after the impairment was recognized.

Where an impairment charge is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment charge been recognized in previous periods. A reversal of an impairment charge is recognized immediately in earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement Benefits

The Corporation participates, together with its ultimate parent corporation, Canadian Utilities Limited, and its affiliate corporations, in a registered group defined benefit pension plan ("the Group Plan"). The assets of the Group Plan are not segregated for each participating entity and are used to provide pensions to all members of this plan. In this circumstance, the Corporation is required to account for the Group Plan as a defined contribution plan whereby contributions are expensed as paid.

The Corporation participates, together with its ultimate parent corporation, Canadian Utilities Limited, and its affiliate corporations, in other post employment benefit ("OPEB") and non-registered group defined benefit pension plans. These plans are administered on a combined basis with the corporation's parent and affiliate corporations, and the Corporation accrues for its obligations under these plans. Costs of these benefits are determined using the projected unit credit method and reflect management's best estimates of wage and salary increases, age at retirement and expected health care costs. The assumptions in relation to the estimated benefit obligations and the cost of providing retirement benefits during the period are set after consultation with qualified actuaries.

For non-registered defined benefit pensions, the Corporation is assessed a percentage of the total cost of the plans.

For the OPEB and non-registered defined benefit pension plans, gains and losses resulting from changes in assumptions, including the liability discount rate and future compensation increases, used to measure the accrued benefit obligations are recognized in other comprehensive income in the period in which they occur. Immediately thereafter, those gains and losses are transferred directly to retained earnings.

Employer contributions to the defined contribution pension plan are expensed as paid.

The cost of retirement benefits for defined benefit pension plans, defined contribution pension plans and OPEB plans is recognized as an expense in salaries, wages and benefits as employees render service. Past service costs are recognized immediately in earnings to the extent that benefits are vested, and otherwise are amortized on a straight-line basis over the period until the benefits are vested. When the services of employees are used in the construction of an asset and the benefits received meet the recognition criteria of an asset, the cost of retirement benefits is included as part of the related property, plant and equipment or intangible asset.

Related Party Transactions

Transactions with related parties that are in the normal course of business and under normal commercial terms are measured at the exchange amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Changes Not Yet Adopted

Certain new or amended standards or interpretations have been issued by the IASB or IFRIC that are not required to be adopted in the current period. The Corporation has not early adopted these standards or interpretations. The standard which the Corporation anticipates may have a material effect on the financial statements or note disclosures is described below:

IFRS 13 *Fair Value Measurement* explains how to measure fair value and aims to enhance fair value disclosures. Under this new standard, a company would maximize the use of quoted prices for the same or similar assets in active markets in determining fair value. For non financial assets where there is no active market, a company would consider the best use that another market participant would have for the asset even though that is not what the company currently uses it for. The effect of any changes for the Corporation is limited to fair value disclosures for financial instruments and asset impairment calculations. This IFRS is effective for financial statements beginning on and after January 1, 2013.

There are no other standards and interpretations that have been issued, but are not yet effective, that the Corporation anticipates will have a material effect on the financial statements once adopted.

3. SIGNIFICANT JUDGMENTS AND ESTIMATES

The application of several accounting policies described above requires judgments made by management that could significantly affect the amounts recognized in the financial statements. The timely preparation of the financial statements also requires that management make a number of estimates and assumptions regarding matters that are uncertain at the date of estimate. Estimates of key variables used in the calculations, or changes to estimates, could have a material impact on the Corporation's financial position or performance. The most critical of these judgments and key sources of estimation uncertainty are described below.

Revenue recognition

Revenues from sales of electricity are recognized upon delivery, primarily on the basis of meter readings, and include an estimate of usage not yet billed. Measurement of the estimate of usage not yet billed is based on historical consumption patterns. Management applies judgment to the measurement of the estimated consumption and to the valuation of that consumption.

Depreciation and amortization methods

Significant components of property, plant and equipment and intangible assets are depreciated and amortized over their estimated useful lives. Useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, current and forecasted demand and the potential for technological obsolescence. While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, assets may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated. The latter could result in additional depreciation expense in the period of disposition.

3. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

Impairment of long-lived assets

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate that an impairment exists include: significant underperformance relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Corporation's overall business strategy, or significant negative industry or economic trends. Events indicating an impairment may be clearly identifiable or based on an accumulation of individually insignificant events over a period of time. Management continually monitors the Corporation's operating facilities, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether a possible impairment exists.

Management necessarily applies judgment in allocating assets that do not generate independent cash flows to appropriate CGUs. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, shared infrastructures, and the way in which management monitors the operations.

If indicators of impairment exist for a CGU to which an asset belongs, an estimate of the recoverable amount must be made in order to determine whether an impairment loss is to be recognized.

The calculations used in determining recoverable amount include assumptions such as the price that the asset could be obtained for, or the future cash flows that will be generated by the asset or group of assets, together with an appropriate discount rate to apply to those cash flows. Subsequent changes to these estimates or judgments may significantly impact the carrying value of the assets within the respective CGU or group of CGUs.

Retirement benefits

The Corporation accrues for its obligations under non-registered defined benefit pension and OPEB plans using actuarial and other assumptions to estimate the projected benefit obligation and the associated expense related to the current period. The key assumptions utilized include the long-term rate of inflation, rates of future compensation and health-care cost increases, and liability discount rates. Changes in these assumptions give rise to gains and losses which are recognized in other comprehensive income as incurred. The obligations are measured by discounting the Corporations' share of future payments under these plans. In addition, actual payments may vary from the estimates used to project the obligations and the net expense.

Income taxes

Management periodically evaluates positions taken in tax filings with respect to situations where applicable tax legislation is subject to interpretation, and establishes provisions where appropriate. The provisions are management's best estimates of the expenditures required to settle the present obligations at the balance sheet date measured on the basis of a probability weighting of possible outcomes. Accounting for income taxes requires the Corporation to make judgments with respect to the application of changing tax legislation, regulations and interpretations thereof in the various jurisdictions in which the Corporation operates. Judgment is also applied in estimating probable outcomes, when temporary differences will reverse and whether tax assets are realizable.

4. ADOPTION OF IFRS

These financial statements are the first annual financial statements that comply with IFRS. These financial statements have been prepared as described in Note 2, including the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards*, with a date of transition of January 1, 2010 ("Transition Date").

The following tables reconcile the financial statements previously reported under Canadian GAAP to the financial statements prepared in accordance with IFRS as described in Note 2. Explanations of the effect of the transition to IFRS follow the reconciliations.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

4. ADOPTION OF IFRS (continued)

Reconciliation of the Balance Sheet as at January 1, 2010 (Transition Date)

Yukon Electrical Company Limited
As at January 1, 2010
(Thousands of Canadian Dollars)

	Notes	**Canadian GAAP**	Effect of Transition to IFRS	**IFRS**
ASSETS				
Current assets				
Cash		**$ 230**	$ -	**$ 230**
Short term advances to parent corporation		**1,500**	-	**1,500**
Accounts receivable	d	**4,095**	337	**4,432**
Inventories		**1,789**	-	**1,789**
Income taxes recoverable		**604**	-	**604**
Regulatory assets	d	**224**	(224)	**-**
Prepaid expenses		**110**	-	**110**
		8,552	113	**8,665**
Non-current assets				
Property, plant and equipment	b,e	**49,500**	25,871	**75,371**
Intangibles		**2,764**	329	**3,093**
Deferred income taxes	b,c,d	**507**	(507)	**-**
Regulatory assets	d	**425**	(425)	**-**
Investments		**692**	(612)	**80**
Total assets		**$ 62,440**	$ 24,769	**$ 87,209**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**$ 4,061**	$ -	**$ 4,061**
Owing to parent and affiliate corporations		**868**	-	**868**
		4,929	-	**4,929**
Non-current liabilities				
Deferred income tax liabilities	b,c,d	**-**	1,012	**1,012**
Regulatory liabilities	d	**5,502**	(5,502)	**-**
Retirement benefit obligations	c,d	**1,079**	75	**1,154**
Long term debt		**29,950**	-	**29,950**
Other liabilities	e	**-**	25,588	**25,588**
Total liabilities		**41,460**	21,173	**62,633**
EQUITY				
Class A and Class B share owner's equity				
Class A and Class B shares		**7,019**	-	**7,019**
Retained earnings	b,c,d	**13,961**	3,596	**17,557**
Total equity		**20,980**	3,596	**24,576**
Total liabilities and equity		**$ 62,440**	$ 24,769	**$ 87,209**

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

4. ADOPTION OF IFRS (continued)

Reconciliation of the Balance Sheet as at December 31, 2010

Yukon Electrical Company Limited
As at December 31, 2010
(Thousands of Canadian Dollars)

	Notes	Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS				
Current assets				
Short term advances to parent corporation		$ 800	$ -	$ 800
Accounts receivable	d	5,492	(33)	5,459
Inventories		1,887	-	1,887
Income taxes recoverable		-	-	-
Regulatory assets	d	179	(179)	-
Prepaid expenses		174	-	174
		8,532	(212)	8,320
Non-current assets				
Property, plant and equipment	b,e	52,647	28,654	81,301
Intangibles		2,729	633	3,362
Regulatory assets	d	778	(778)	-
Investments		814	(773)	41
Total assets		$ 65,500	$ 27,524	$ 93,024
LIABILITIES				
Current liabilities				
Bank indebtedness		$ 235	$ -	$ 235
Accounts payable and accrued liabilities	d	5,112	(396)	4,716
Owing to parent and affiliate corporations		1,061	-	1,061
Income taxes payable		289	-	289
		6,697	(396)	6,301
Non-current liabilities				
Deferred income tax liabilities	b,c,d	263	1,420	1,683
Regulatory liabilities	d	5,054	(5,054)	-
Retirement benefit obligations	c,d	1,152	177	1,329
Long term debt		29,950	-	29,950
Other liabilities	e	-	28,138	28,138
Total liabilities		43,116	24,285	67,401
EQUITY				
Class A and Class B share owner's equity				
Class A and Class B shares		7,019	-	7,019
Retained earnings	b,c,d	15,365	3,239	18,604
Total equity		22,384	3,239	25,623
Total liabilities and equity		$ 65,500	$ 27,524	$ 93,024

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

4. ADOPTION OF IFRS (continued)

Reconciliation of the Statement of Earnings for the Year Ended December 31, 2010

Yukon Electrical Company Limited
Year Ended December 31, 2010
(Thousands of Canadian Dollars)

	Notes	Canadian GAAP	Effect of Transition to IFRS	IFRS
Revenues	d,e	$ 45,267	$ 1,853	$ 47,120
Costs and expenses				
Purchased power	d	23,462	273	23,735
Fuel costs	f	-	4,836	4,836
Operation and maintenance	f	10,476	(10,476)	-
Selling and administrative	f	4,559	(4,559)	-
Depreciation and amortization	b,e	2,463	1,397	3,860
Interest	f,g	1,957	(1,957)	-
Salaries, wages and benefits	c,d,f	-	5,704	5,704
Plant and equipment maintenance	f	-	1,958	1,958
Other	f	-	2,359	2,359
		42,917	(465)	42,452
		2,350	2,318	4,668
Interest and other income	f,g	126	(126)	-
Operating profit		2,476	2,192	4,668
Interest income	g	-	26	26
Interest expense	g	-	(1,769)	(1,769)
Net finance costs		-	(1,743)	(1,743)
Earnings before income taxes		2,476	449	2,925
Income taxes	b,c,d	272	705	977
Earnings for the year		$ 2,204	$ (256)	$ 1,948

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

4. ADOPTION OF IFRS (continued)

Reconciliation of the Statement of Changes in Equity as at January 1, 2010 and December 31, 2010

	December 31, 2010	January 1, 2010
Equity under Canadian GAAP	**$ 22,384**	$ 20,980
IFRS adjustments increase (decrease):		
Assets and liabilities from rate regulated activities	**3,328**	3,672
Rate regulated property, plant and equipment	**88**	-
Retirement benefits	**(177)**	(76)
Equity under IFRS	**$ 25,623**	$ 24,576

Reconciliation of Cash Flows for the Year Ended December 31, 2010

	Year Ended December 31, 2010		
	Canadian GAAP	Effect of Transition	**IFRS**
Cash flow from operations	**$ 5,331**	$ 6,191	**$ 11,522**
Cash flow from investing activities	**(5,535)**	(4,168)	**(9,703)**
Cash flow from financing activities	**(961)**	(2,023)	**(2,984)**

The changes in classifications of cash flows under IFRS are mainly due to:

- Separate presentation of interest paid of $2,184,000 for the year ended December 31, 2010, in financing activities as required by IFRS. Canadian GAAP only required interest paid to be disclosed in the notes to the financial statements.
- Reclassification of contributions by utility customers for extensions to plant from investing activities to operating activities of $3,770,000 for the year ended December 31, 2010. Under IFRS, the Corporation treats customer contributions as deferred revenue and classifies the associated cash flows as operating activities. Under Canadian GAAP, customer contributions were treated as a reduction of property, plant and equipment and associated cash flows were classified as investing activities.

Explanations of the Effect of the Transition to IFRS

The following explanations accompany the preceding reconciliations and describe the effect of the transition to IFRS, including: mandatory exceptions and optional exemptions from retrospective application of IFRS under IFRS 1 and items requiring retrospective application.

4. ADOPTION OF IFRS (continued)

Mandatory Exceptions From Retrospective Application

IFRS 1 requires certain mandatory exceptions from full retrospective application of all accounting standards effective at the reporting date. The following mandatory exception was applicable to the Corporation at the Transition Date:

a) Estimates

The Corporation followed the mandatory exception and did not use hindsight to create or revise estimates. The estimates previously made by the Corporation under Canadian GAAP were not revised for IFRS, except to reflect any difference in accounting policies.

Optional IFRS 1 Exemptions From Retrospective Application

In general, IFRS requires an entity to comply with all of the accounting standards effective at the end of the first reporting period after adopting IFRS. This means restating accounting transactions as if the standards had been in place when the transactions occurred. IFRS 1 gives limited optional exemptions from retrospectively applying the standards where the costs of doing so would likely exceed the benefits to users of the financial statements. Significant IFRS 1 exemptions used by the Corporation are as follows:

b) Rate Regulated Property, Plant and Equipment

For operations subject to rate regulation, the Corporation has used the carrying amount of property, plant and equipment determined under Canadian GAAP as deemed cost on transition to IFRS. The carrying amount of these assets as they are included in rate base and applying IFRS retrospectively would have been onerous.

c) Retirement Benefits

At the Transition Date, rather than continue to amortize the cumulative unamortized gains and losses, the Corporation elected to charge all cumulative unamortized gains and losses for all defined benefit pension and OPEB plans to retained earnings.

The adoption of IFRS increased retirement benefit liabilities by $75,000, decreased deferred income tax liabilities by $19,000 and retained earnings by $56,000, at the Transition Date.

Gains and losses incurred during the year ended December 31, 2010 have been recognized in other comprehensive income.

Retrospective Treatments on Transition

In the absence of an IFRS 1 exemption, IFRS requires retrospective application at the Transition Date. The Corporation applied retrospective treatment to the following items at the Transition Date.

4. ADOPTION OF IFRS (continued)

d) Assets and Liabilities from Rate Regulated Activities

At the Transition Date, the Corporation derecognized all assets and liabilities relating to rate regulated activities. This change reduced total assets by $819,000, total liabilities by $4,415,000 and increased retained earnings by $3,596,000. Refer to Note 5 for information regarding the effect on earnings.

Reclassifications

The following reclassifications were made due to differences in presentation between Canadian GAAP and IFRS:

e) Customer Contributions

Under IFRS, customer contributions for the acquisition or construction of property, plant and equipment are consideration for a future service and are therefore considered to be deferred revenues to be amortized over the period in which the service is provided.

Under Canadian GAAP, these customer contributions were netted against property, plant and equipment and were amortized on the same basis as, and offset against the depreciation charge of, the assets to which they related.

At the Transition Date, property, plant and equipment and other liabilities increased by $25,588,000. Revenues and depreciation and amortization expense increased by $1,220,000 million for the year ended December 31, 2010.

f) Nature of Expenses

IFRS states that expenses shall be classified on the statement of earnings by either nature or function. If classified by function, the classification by nature is required to be disclosed in the notes to the financial statements. Therefore, the Corporation has elected to present costs and expenses on the statement of earnings by nature. Under Canadian GAAP, the Corporation presented costs and expenses in a combination of both nature and function. As a result, operation and maintenance and selling and administrative expenses were reclassified to separate categories by nature as identified in the statement of earnings

g) Net Finance Costs

Under IFRS, interest income and expense are presented in the statement of earnings as net finance costs below operating profit.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

5. ADJUSTED EARNINGS

Reconciliation of Earnings Attributable to Equity Owners to Adjusted Earnings Attributable to Class A and Class B Share Owners for the Year Ended December 31

	2011	2010
Earnings for the year	**$ 982**	$ 1,948
Adjustments for rate regulated activities	**1,451**	194
Adjusted earnings attributable to Class A and Class B share owners	**$ 2,433**	$ 2,142

Adjusted Earnings

Adjusted Earnings are earnings attributable to Class A and Class B share owners of the Corporation after adjusting for the timing of revenues and expenses associated with rate regulated activities. Adjusted Earnings are a key measure of earnings used by the Corporation's management for purposes of assessing performance.

Adjustments for Rate Regulated Activities

With respect to the accounting for rate regulated activities, prior to the adoption of IFRS, the Corporation had, as permitted by Canadian GAAP, utilized standards issued by the Financial Accounting Standards Board ("FASB") in the United States ("U.S.") as another source of GAAP. The FASB standard provided guidance on the recognition and measurement of assets and liabilities arising from rate regulation where Canadian GAAP no longer provided such guidance. Adjusted Earnings will present earnings from rate regulated activities on the same basis as was used prior to adopting IFRS.

There is currently no specific guidance under IFRS for rate regulated entities. Consequently, the Corporation does not recognize assets and liabilities from rate regulated activities under IFRS.

While the accounting for rate regulated activities has changed, the economics of rate regulation have not changed (see Nature and Economic Effects of Rate Regulation in Note 2). The Corporation's management is of the belief that earnings adjusted in accordance with the FASB standards are a better representation of the results of operations of its rate regulated activities. Furthermore, Adjusted Earnings will facilitate comparability of the Corporation's financial results with rate regulated peer companies that have deferred the adoption of IFRS up to 2013 as permitted by the Canadian Accounting Standards Board, as well as with entities that utilize U.S. accounting principles for rate regulated entities.

5. ADJUSTED EARNINGS (continued)

Rate regulated accounting differs from IFRS in the following ways:

Rate Regulated Accounting Treatment	IFRS Treatment
(1) The Corporation was able to defer the recognition of cash received in advance of future expenditures.	The Corporation records revenues when amounts are billed to customers and recognizes costs when they are incurred.
(2) The Corporation was able to recognize revenues associated with recoverable costs in advance of future billings to customers.	The Corporation records costs when incurred, but does not recognize their recovery until changes to customer rates are reflected in future customer billings.
(3) The Corporation recognized the earnings that arose from a regulatory decision that pertained to current and prior periods upon receipt of the decision.	The Corporation recognizes earnings when customer rates are changed and amounts are billed to customers.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

5. ADJUSTED EARNINGS (continued)

Timing adjustments for rate regulated activities are as follows:

	Year Ended December 31	
	2011	2010
Additional revenues billed in current period:		
Other	**$ (51)**	$ (201)
Revenues to be billed in future period:		
Reserve for injuries and damages [1]	**522**	(668)
Deferred income taxes [2]	**273**	705
Deferred fuel variance [3]	**247**	369
Deferred hearing costs [4]	**10**	(150)
Other	**450**	139
	1,502	395
	$ 1,451	$ 194

Descriptions of the adjustments and the timing of recovery or refund for each are as follows:

Description	**Timing of Recovery or Refund**
(1) The Board has approved the use of a reserve for injuries and damages as a means of self-insurance. The reserve is established based on an annual amount approved by the Board to be collected through customer rates. Revenues are recorded when billed to customers. Reserve claims are expensed as actual costs are incurred.	Differences between revenues received and costs incurred to date will reverse in future periods as future reserve amounts are billed to customers or actual costs are incurred.
(2) Deferred income taxes are a non-cash expense incurred by the Corporation related to temporary differences between the book value and the tax value of assets and liabilities.	Deferred income taxes are not recovered from customers until the temporary differences reverse and federal current income taxes are paid by the Corporation.
(3) An annual forecast of fuel costs is approved by the Board to be collected through customer rates. The deferred fuel variance represents the difference in costs from Board approved fuel prices versus actual fuel prices. Revenues are recorded when billed to customers. Fuel costs are expensed as actual costs are incurred.	Recoveries from or refund to customers of variances between revenues received and costs incurred to date are expected to occur in the following year.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

5. ADJUSTED EARNINGS (continued)

Description	Timing of Recovery or Refund
(4) The Corporation incurs hearing costs on an ongoing basis associated with regulatory proceedings. A forecast of annual hearing costs is approved by the Board to be collected through customer rates. Revenues are recorded when billed to customers. Hearing costs are expensed as actual costs are incurred.	Differences between revenues received and costs incurred to date will reverse in future periods as future amounts are billed to customers or actual costs are incurred.

6. REVENUE

		2011		2010
Tariff revenue	**$**	**45,856**	$	44,498
Customer contributions		**1,289**		1,220
Other		**1,770**		1,402
	$	**48,915**	$	47,120

7. OTHER COSTS AND EXPENSES

		2011		2010
Goods and services [1]	**$**	**2,272**	$	2,129
Property and other taxes		**235**		230
	$	**2,507**	$	2,359

[1] Goods and services include professional fees, contractor costs, technology related expenses, advertising, and other general and administrative expenses.

8. INCOME TAXES

The components of income tax expense are summarized below:

		2011		2010
Current income tax expense				
Expense for the year	**$**	**122**	$	272
Deferred income tax expense				
Reversal of temporary differences		**308**		705
	$	**430**	$	977

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

8. INCOME TAXES (continued)

The reconciliation of statutory and effective income tax expense is as follows:

	2011		2010	
Earnings before income taxes	**$ 1,412**	**%**	$ 2,925	%
Income taxes, at statutory rates	**445**	**31.5**	965	33.0
Non-deductible differences	**6**	**0.4**	6	0.2
Other	**(21)**	**(1.5)**	6	0.2
	$ 430	**30.4**	$ 977	33.4

The combined Federal and Yukon statutory Canadian income tax rate changed from 33.0% in 2010 to 31.5% in 2011.

The future income tax liabilities comprise the following:

	Property, plant and equipment	Intangibles	Retirement benefits	Other	Total
Deferred income tax liabilities:					
At January 1, 2010	$ 542	$ 829	$ (381)	$ 22	$ 1,012
Credit (charge) to net earnings	1,678	$ (878)	$ (4)	$ (91)	705
Credit (charge) to other comprehensive income	-	-	(34)	-	(34)
At December 31, 2010	**2,220**	**(49)**	**(419)**	**(69)**	**1,683**
Credit (charge) to net earnings	**369**	**49**	**1**	**(111)**	**308**
Credit (charge) to other comprehensive income	**-**	**-**	**(5)**	**-**	**(5)**
At December 31, 2011	**$ 2,589**	**$ -**	**$ (423)**	**$ (180)**	**$ 1,986**

The Corporation does not expect any of its deferred income tax assets or liabilities to reverse within the next 12 months.

Income taxes paid amounted to $536,000 (2010 ─ Income taxes recovered $609,000).

9. INVENTORIES

	2011	2010	January 1, 2010
Raw materials and consumables	**$ 2,139**	$ 1,887	$ 1,789

For the year ended December 31, 2011, the amount of inventories recognized as an expense was $156,000 (2010 – $101,000). There have been no write-downs to net realizable value and there have been no reversals of previous write-downs to net realizable value.

No inventories are pledged as security for liabilities.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

10. PROPERTY, PLANT AND EQUIPMENT

	Distribution	Generation	Land and Buildings	Construction Work-in-Progress	Other	Total
Cost:						
At January 1, 2010	$ 103,721	$ 18,126	$ 3,657	$ 556	$ 4,075	$ 130,135
Additions	5,834	131	105	2,915	587	9,572
Disposals/Retirements	(445)	-	-	-	(205)	(650)
At December 31, 2010	**109,110**	**18,257**	**3,762**	**3,471**	**4,457**	**139,057**
Additions	**8,671**	**2,496**	**71**	**2,355**	**461**	**14,054**
Disposals/Retirements	**(144)**	**(2,269)**	**-**	**(141)**	**(33)**	**(2,587)**
At December 31, 2011	**$ 117,637**	**$ 18,484**	**$ 3,833**	**$ 5,685**	**$ 4,885**	**$ 150,524**
At January 1, 2010	$ 39,629	$ 9,589	$ 1,805	$ -	$ 3,741	$ 54,764
Depreciation	2,655	625	103	-	259	3,642
Disposals/Retirements	(445)	-	-	-	(205)	(650)
At December 31, 2010	**41,839**	**10,214**	**1,908**	**-**	**3,795**	**57,756**
Depreciation	**2,847**	**647**	**80**	**-**	**326**	**3,900**
Disposals/Retirements	**(144)**	**(2,269)**	**-**	**-**	**(33)**	**(2,446)**
At December 31, 2011	**$ 44,542**	**$ 8,592**	**$ 1,988**	**$ -**	**$4,088**	**$ 59,210**
Net book value:						
At January 1, 2010	$ 64,092	$ 8,537	$ 1,852	$ 556	$ 334	$ 75,371
At December 31, 2010	$ 67,271	$ 8,043	$ 1,854	$ 3,471	$ 662	$ 81,301
At December 31, 2011	**$ 73,095**	**$ 9,892**	**$ 1,845**	**$ 5,685**	**$ 797**	**$ 91,314**

Included in the cost of property, plant and equipment is $148,848 (2010 – $202,419) of interest capitalized. Interest has been capitalized at the rate of interest applicable to the specific borrowings financing the assets under construction or, where financed through general borrowings, at a capitalization rate representing the average interest rate on such borrowing, is 6.17% (2010 – 8.94%).

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

11. INTANGIBLES

	Computer Software	Land Rights	Construction work in progress-software	Other	Total
Cost:					
At January 1, 2010	$ 2,025	$ 1,103	$ -	$ 330	$ 3,458
Additions	103	89	-	337	529
At December 31, 2010	**2,128**	**1,192**	**-**	**667**	**3,987**
Additions	**-**	**76**	**13**	**491**	**580**
At December 31, 2011	**$ 2,128**	**$ 1,268**	**$ 13**	**$ 1,158**	**$ 4,567**
Accumulated amortization:					
At January 1, 2010	$ 249	$ 116	$ -	$ -	$ 365
Amortization	208	17	-	35	260
At December 31, 2010	**457**	**133**	**-**	**35**	**625**
Amortization	**212**	**19**	**-**	**45**	**276**
At December 31, 2011	**$ 669**	**$ 152**	**$ -**	**$ 80**	**$ 901**
Net Book Value:					
At January 1, 2010	$ 1,776	$ 987	$ -	$ 330	$ 3,093
At December 31, 2010	$ 1,671	$ 1,059	$ -	$ 632	$ 3,362
At December 31, 2011	**$ 1,459**	**$ 1,116**	**$ 13**	**$ 1,078**	**$ 3,666**

12. OTHER ASSETS

	2011	2010	January 1, 2010
Market differential loans	**$ 71**	$ 41	$ 80

13. BANK INDEBTEDNESS AND SHORT TERM ADVANCES FROM PARENT CORPORATION

At December 31, 2011, bank indebtedness consists of $ nil (2010 – $235,000), which represents cheques outstanding in excess of cash in bank.

Short term advances from parent corporation are payable upon demand and bear interest based on short term Bankers' Acceptance rates.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

14. LONG TERM DEBT (UNSECURED)

Long term debt

	2011	2010	January 1, 2010
Payable to parent corporation			
2004 Series 5.16% debenture due November 2014	**$ 500**	$ 500	$ 500
2002 Series 6.21% debenture due November 2017	**3,900**	3,900	3,900
2004 Series 5.47% debenture due January 2019	**1,000**	1,000	1,000
1999 Series 6.85% debenture due August 2019	**4,500**	4,500	4,500
1990 Series 11.91% debenture due November 2020	**1,500**	1,500	1,500
1992 Series 9.51% debenture due May 2023	**2,500**	2,500	2,500
2009 Series 6.28% debenture due March 2024	**2,900**	2,900	2,900
2008 Series 5.61% debenture due May 2028	**860**	860	860
2005 Series 5.23% debenture due November 2035	**4,300**	4,300	4,300
2006 Series 5.07% debenture due November 2036	**3,000**	3,000	3,000
2008 Series 5.62% debenture due May 2038	**1,290**	1,290	1,290
2009 Series 6.55% debenture due March 2039	**3,700**	3,700	3,700
2011 Series 4.58% debenture due October 2041	**5,000**	-	-
	$ 34,950	$ 29,950	$ 29,950

Contractual maturities of debt

The undiscounted contractual maturities (including both principal and interest) of long term debt are as follows:

	Long Term Debt Principal	Long Term Debt Interest
2012	$ -	$ 2,199
2013	-	2,199
2014	500	2,196
2015	-	2,173
2016	-	2,173
2017 and thereafter	34,450	25,115
	$ 34,950	$ 36,055

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

14. LONG TERM DEBT (UNSECURED) (continued)

Interest expense

	2011	2010
Long term debt	**$ 2008**	$ 1,970
Other	**8**	1
	2,016	1,971
Less: Interest capitalized (Note 10)	**(149)**	(202)
	$ 1,867	$ 1,769

15. CONTINGENCIES

Measurement inaccuracies occur from time to time with respect to the Corporation's metering facilities. Measurement adjustments are settled between the parties based on the requirements of the Electricity and Gas Inspections Act (Canada) and applicable regulations issued pursuant thereto. There is a risk of disallowance of the recovery of a measurement adjustment if controls and timely follow-up are found to be inadequate by the Board.

As a result of decisions of the Supreme Court of Canada in Garland vs. Consumers' Gas Co., the imposition of late payment penalties on utility bills has been called into question. The Corporation is unable to determine at this time the impact, if any, that these decisions will have on the Corporation.

The Corporation is party to a number of disputes and lawsuits in the normal course of business. The Corporation believes that the ultimate liability arising from these matters will have no material impact on the financial statements.

16. OTHER LIABILITIES

	2011	2010	January 1, 2010
Deferred revenues	**$ 32,581**	$ 28,138	$ 25,588

Deferred revenue

Deferred revenue is comprised of customer contributions for extensions to plant. These contributions are amortized and recognized as revenue over the life of the related asset. Changes in deferred customer contributions are summarized below.

	2011	2010
Beginning of year	**$ 28,138**	$ 25,588
Customer contributions received during the year	**5,732**	3,770
Amortization during the year	**(1,289)**	(1,220)
End of year	**$ 32,581**	$ 28,138

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

17. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Corporation's Board of Directors is responsible for understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to share owners, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation. The Board of Directors has established a Risk Review Committee, which reviews significant risks associated with future performance, growth and lost opportunities identified by management that could materially affect the Corporation's ability to achieve its strategic or operational targets. This committee is responsible for confirming that management has procedures in place to mitigate identified risks.

Interest Rate Risk

The Corporation is not exposed to significant interest rate risk due to its long term debt having fixed interest rates.

Credit Risk

For cash, short term advances to parent corporation, accounts receivable and other assets, credit risk represents the carrying amount on the balance sheet.

Credit risk arises from the possibility that a counterparty to a contract fails to perform according to the terms and conditions of that contract. Cash and cash equivalents credit risk is reduced by investing in instruments issued by credit worthy financial institutions and in federal government issued short term instruments.

The maximum exposure to credit risk is the carrying value of loans and receivables on the balance sheet. The Corporation does not have a concentration of credit risk with any counterparties.

Accounts receivable are non-interest bearing and are generally due in 30 days. At December 31, 2011, the provision for impairment of credit losses was $55,000 (2010 – $56,000).

At December 31, 2011, the aging analysis of trade receivables that are past due but not impaired is as follows:

	2011
30 to 90 days	$ 228
Greater than 90 days	17
	$ 245

No impairments have been identified within accounts receivable.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

17. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Corporation's cash requirements. Additional cash requirements are met through long-term debt borrowings from the parent corporation. The Corporation has a policy not to invest any of its cash balances in asset backed securities.

The Corporation has contractual obligations in the normal course of business; future minimum undiscounted contractual maturities are as follows:

	2012	2013	2014	2015	2016	2017 and thereafter
Accounts payable and accrued liabilities	$ 5,084	$ -	$ -	$ -	$ -	$ -
Owing to parent and affiliated corporations	1,700	-	-	-	-	-
Long term debt (Note 14)	-	-	500	-	-	34,450
Interest expense (Note 14)	2,199	2,199	2,196	2,173	2,173	25,115
Purchase obligations:						
Capital expenditures	1,100	-	-	-	-	-
	$ 10,083	$ 2,199	$ 2,696	$ 2,173	$ 2,173	$ 59,565

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

17. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Fair value of non-derivative financial instruments

The carrying values and fair values of the Corporation's non-derivative financial instruments are as follows:

	Year Ended December 31				Year Ended January 1	
	2011		2010		2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Loans and Receivables:						
Cash	**$ 100**	**$ 100**	$ -	$ -	$ 230	$ 230
Short term advances to parent corporation [1]	**800**	**800**	800	800	1,500	1,500
Accounts receivable [1]	**5,663**	**5,663**	5,459	5,459	4,433	4,433
Other assets [2]	**71**	**71**	41	41	80	80
Financial Liabilities						
Amortized cost:						
Bank indebtedness [1]	**-**	**-**	235	235	-	-
Accounts payable and accrued liabilities [1]	**5,084**	**5,084**	4,716	4,716	4,061	4,061
Owing to parent and affiliate corporations [1]	**1,700**	**1,700**	1,061	1,061	868	868
Long term debt [3]	**34,950**	**44,078**	29,950	36,390	29,950	33,907

(1) *Recorded at amortized cost. Fair value approximates the carrying amounts due to the short term nature of the financial instruments and negligible credit losses.*
(2) *Recorded at amortized cost. Fair values are determined using quoted market prices.*
(3) *Recorded at amortized cost. Fair values are determined using quoted market prices for the same or similar issues. Where the market prices are not available, fair values are estimated using discounted cash flow analysis based on the Corporation's current borrowing rate for similar borrowing arrangements.*

The Corporation does not have any financial instruments recorded at fair value at December 31, 2011.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

18. DIVIDENDS

Cash dividends declared and paid per share for all series and classes of common shares are as follows:

		2011		2010
		(dollars per share)		
Class A Non-Voting shares	**$**	**117.42**	$	313.11
Class B Common shares		**117.42**		313.11

The payment of dividends on the Corporation's Class A and Class B shares is at the discretion of the Board of Directors and depends on the financial condition of the Corporation and other factors.

19. CLASS A AND CLASS B SHARES

Authorized and Issued

	Class A Non-Voting			Class B Common			Total		
	Shares		**Amount**	**Shares**		**Amount**	**Shares**		**Amount**
Authorized:	Unlimited			Unlimited					
Issued and Outstanding**:**									
December 31, 2010	1,591	$	4,371	964	$	2,648	2,555	$	7,019
Issued	-		-	-		-	-		-
December 31, 2011	**1,591**	**$**	**4,371**	**964**	**$**	**2,648**	**2,555**	**$**	**7,019**

20. CAPITAL DISCLOSURES

The Corporation's objective when managing capital is to remain within the capital structure approved by the Board. The Corporation includes share owner's equity and long term debt in its determination of capitalization. In maintaining or adjusting its capital structure, the Corporation may adjust the amount of dividends paid to the share owner, issue or purchase Class A and Class B shares and issue or redeem long term debt.

The Corporation includes share owner's equity and long term debt, as adjusted in accordance with the FASB standards (see Note 5), in its determination of capitalization. In maintaining or adjusting its capital structure, the Corporation may adjust the amount of dividends paid to the share owner, issue or purchase Class A and Class B shares, and issue or redeem long term debt.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

21. CHANGES IN NON-CASH WORKING CAPITAL

	2011	2010
Operating activities, changes related to:		
Accounts receivable	**$ (203)**	$ (1,026)
Inventories	**(130)**	(12)
Prepaid expenses	**50**	(51)
Accounts payable and accrued liabilities	**426**	506
Owing to parent and affiliate corporations	**601**	407
	$ 744	$ (176)
Investing activities, changes related to:		
Inventories	**(122)**	(87)
Accounts payable and accrued liabilities	**(61)**	173
	$ (183)	$ 86

22. RETIREMENT BENEFITS

The Corporation, together with its parent and affiliate corporations, maintains registered defined benefit and defined contribution pension plans for most of its employees and provides other post employment benefits, principally health, dental and life insurance, for retirees and their dependants. The Corporation also maintains non-registered, non-funded defined benefit pension plans for certain officers and key employees.

Contributions to the Group Plan, which is accounted for as a defined contribution pension plan, are expensed as paid. OPEB and non-registered group defined benefit pension plans, which the Corporation funds out of general revenues, are administered on a combined basis with the Corporation's parent and affiliate corporations. For OPEB, the accrued liabilities and costs are determined on a company-by-company basis; for non-registered defined benefit pensions, the Corporation is assessed a percentage of the total costs of the plans.

Funding

Employees are required to contribute a percentage of their salary to registered pension plans. The Corporation is required to contribute its share of contributions on behalf of the defined contribution members of the pension plans and to provide the balance of the funding necessary to ensure that benefits will be fully provided for at retirement for the members of the defined benefit pension plans.

The actual funding contributions for 2010 and 2011 were established based on actuarial valuations for funding purposes as of December 31, 2009. The next actuarial valuation for funding purposes is required to be completed as of December 31, 2012.

For purposes of any pension funding requirements, the Board has directed that the cash basis of accounting be used in customer rate applications. Accordingly, the Corporation includes the cost of funding in its rate applications to the Board, thereby, with the consent of the Board, recovering approximately 100% of the costs of funding its pension plans from utility customers.

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

22. RETIREMENT BENEFITS (continued)

Information about the Corporation's benefit plans, in aggregate, is as follows:

	2011		2010	
	Pension Benefit Plans	**Other Post Employment Benefit Plans**	Pension Benefit Plans	Other Post Employment Benefit Plans
Benefit plan cost				
Total benefit plans cost	**$ 1,016**	**$ 74**	$ 795	$ 96
Less: Capitalized	**305**	**22**	160	19
Net costs recognized	**$ 711**	**$ 52**	$ 635	$ 77
Accrued benefit obligations				
Beginning of year	**$ 203**	**$ 1,126**	$ 178	$ 976
Total benefit plans cost	**1,013**	**74**	790	68
Benefit payments	**(1,016)**	**(11)**	(798)	(20)
Losses on accrued benefit obligations - other comprehensive income	**8**	**11**	33	102
End of year	**$ 208**	**$ 1,200**	$ 203	$ 1,126

Historical information

Cumulative losses recognized in other comprehensive income	**2011**	2010	January 1, 2010
Accrued benefit obligations	**$ 1,408**	$ 1,329	$ 1,154
Losses recognized in other comprehensive income	**(19)**	(135)	-
Cumulative losses recognized in other comprehensive income	**$ (154)**	$ (135)	$ -

(Tabular amounts in thousands of Canadian dollars, except as otherwise noted)

23. RELATED PARTY TRANSACTIONS

Entity	**Relationship**	**Transaction**	**Recorded as**	**2011**	2010
ATCO Electric Ltd.	Parent	Administrative, financial management, materials management and meter reading services	Other expenses	**518**	478
Northland Utilities Enterprises Ltd.	Affiliate	Administration, financial management and project advisory services	Revenues	**186**	120
ATCO Frontec Corp.	Affiliate	Building rent	Revenues	**28**	44
ATCO I-Tek Business Services Ltd.	Affiliate	Billing and call centre services	Other expenses	**566**	552
ATCO Gas	Affiliate	Metering service and reprographics	Other expenses	**19**	19
ATCO I-Tek	Affiliate	Computer services	Other expenses	**429**	391

All of the above transactions are considered to be in the normal course of business and are measured at the exchange amount being the amount of consideration established and agreed to by the related parties. Amounts owing to parent and affiliate corporations at year end are subject to commercial terms and conditions.

THE YUKON ELECTRICAL COMPANY LIMITED
UTILITY INCOME AND RATE OF RETURN
For The Year Ended December 31, 2011
($000s)

Revenue			48,413
	Less:		
		Non-Utility Revenue	414
UTILITY REVENUE			47,999
Costs and expenses			41,097
Less:	Non Allowables		54
	Non-Utility O&M		361
	Non Utility Income Taxes		(20)
	Income tax adjustments		116
			511
Add:	Depreciation		4,129
	Income Taxes		157
	Amortization of Contribution for Extensions		(1,289)
	Amortization of Deferred Costs		150
			3,147
UTILTITY EXPENSE			43,733
UTILITY INCOME			4,266
NET RATE BASE			57,203
RATE OF RETURN			7.46%

THE YUKON ELECTRICAL COMPANY LIMITED
COMPUTATION OF NET RATE BASE
For The Year Ended December 31, 2011
($000s)

PROPERTY PLANT AND EQUIPMENT		
BALANCE AT DECEMBER 31, 2011		155,091
Add:	Regulatory Assets	508
Less:	Accumulated Depreciation	60,111
	Construction Work-in-Progress	5,698
		65,809
NET BALANCE AT YEAR END		89,790
Add:	Previous Year's Balance	80,510
TOTAL		170,300
MID-YEAR BALANCE		85,150
Add:	Allowance for Working Capital	2,903
Less:	Mid-Year Contribution for Extensions	30,360
Less:	Mid-year Rate Case Reserve	490
NET RATE BASE		57,203

THE YUKON ELECTRICAL COMPANY LIMITED
SCHEDULE OF ALLOWANCE FOR WORKING CAPITAL
For The Year Ended December 31, 2011
($000s)

Operating and maintenance	40,862
Add: Other Taxes	235
Less: Non-Allowables and Non-Utility O&M	395
Net O&M	40,702
O&M Lag Days	5
Operating Expenses Working Capital	558
Tax installments	539
Income Tax Installment Lag Days	22
Tax Installments Working Capital	32
Income taxes receivable (payable)	124
Tax Receivable Lag Days	204
Taxes Payable Working Capital	69
Inventory (Three year average)	1,939
GST Impact on working capital	146
Return - Long Term Debt	2,084
Combined Long Term Debt Lag Days	(52)
Long Term Debt Working Capital	(297)
Return - 50% of Common Equity	1,238
Dividend Lag Days	(4)
Common Equity (Dividend) Working Capital	(14)
Return - 50% of Common Equity	1,238
Depreciation Lag Days	42
Common Equity (Retained Earnings) Working Capital	142
Net Depreciation	2,840
Depreciation Lag Days	42
Depreciation Working Capital	327
TOTAL WORKING CAPITAL	2,903

THE YUKON ELECTRICAL COMPANY LIMITED
RECONCILIATION OF UTILITY INCOME TO NET EARNINGS
For The Year Ended December 31, 2011
($000s)

UTILITY INCOME	4,266
Add :Non Utility Income:	
Allowance for Funds Used During Construction	302
Short term Interest from Parent	21
Non Regulated Revenues	414
	737
Sub-Total	5,003
Less: Non Utility Expenses:	
Interest to Parent	2,008
Non Regulated Expenses	404
Other Interest	8
Non Allowables	54
Sub-Total	2,528
Add: Income Tax Adjustment:	
Tax on Net Non Utility Income	20
Tax adjustment	(116)
NET EARNINGS	2,433

THE YUKON ELECTRICAL COMPANY LIMITED
ANALYSIS OF DEPRECIATION RESERVE
For The Year Ended December 31, 2011
($000s)

BALANCE - DECEMBER 31, 2010		58,381
Add:	Depreciation - Operating Expense	4,129
	Depreciation - Other	47
		62,557
Less:	Retirements	2,446
	Other	-
BALANCE - DECEMBER 31, 2011		60,111

YUKON ELECTRICAL COMPANY LIMITED
COST OF CAPITAL CALCULATION
For The Year Ended December 31, 2011
(%)

	CAPITAL RATIO	COST	RETURN COMPONENT
LONG TERM DEBT	56.88	6.42	3.65
PREFERRED SHARES	-	-	-
COMMON SHARES AND RETAINED EARNINGS	41.14	9.25	3.81
NO COST CAPITAL	1.98		
	100.0		7.46

PROPERTY, PLANT & EQUIPMENT - DECEMBER 31, 2011

Function	Minor Account	Minor Description	Sub Categor	Subcategory Description	01-Jan-11	Additions	Adjustment/Transfer	Retirements	31-Dec-11
Corporate	48000	Land	48000	Land	316,624	0	0	0	316,624
	48200	Buildings and Structures	48100	Land Rights	19,148	0	0	0	19,148
	48200	Buildings and Structures	48200	Buildings and Structures	0	0	0	0	0
	48200	Buildings and Structures	48200	Buildings and Structures	3,375,243	64,924	0	0	3,440,167
	48300	Office Furniture	48300	Office Furniture	117,013	71,273	0	(15,493)	172,793
	48320	Computer Equipment	48320	Computer Equipment	11,548	35,894	0	(75)	47,367
	48320	Computer Equipment	48320	Computer Equipment	0	0	0	0	0
	48401	Vehicles Category 1	48410	Cars	40,468	16,332	0	0	56,800
	48401	Vehicles Category 1	48420	Light Trucks and Pole Trailers	236,773	(82)	0	(4,517)	232,174
	48401	Vehicles Category 1	48430	Pole Trailers > 10,000 lbs	101,007	12,369	4,019	0	117,395
	48401	Vehicles Category 1	48440	3/4 to 2 Ton Trucks	1,127,667	90,768	67,688	0	1,286,123
	48401	Vehicles Category 1	48450	Trucks > 2 Tons < 3 Tons	257,830	0	(1,544)	0	256,286
	48401	Vehicles Category 1	48460	Pole Cats	156,818	0	0	0	156,818
	48401	Vehicles Category 1	48470	Trucks > 3 Tons	410,493	0	0	0	410,493
	48401	Vehicles Category 1	48480	Tractors	23,722	21,335	0	0	45,057
	48500	Loose Tools	48500	Loose Tools	665,014	66,700	224	(12,754)	719,184
	48600	Communication Equipment	48600	Communication Equipment	823,473	49,369	0	0	872,842
	48810	Houses Land	48810	Houses Land	604	0	0	0	604
	48820	Houses	48820	Houses	472,889	367	0	0	473,256
	49100	Franchise and Consent	49100	Franchise and Consent	1,493	0	0	0	1,493
	AFDIF	AFUDC Differential	AFDIF	AFUDC Differential	0	2,727	21	0	2,748
	49602	Software - ATCOCIS	49602	Software - NEWCIS(ATCOCIS)	1,534,576	0	0	0	1,534,576
	49605	Software - Oracle	49605	Software - Oracle	235,498	0	0	0	235,498
	49628	Software - Oracle HRXcellence	49628	Software - Oracle HRXcellence	357,820	0	0	0	357,820
Total for Corporate					10,285,721	431,977	70,408	(32,840)	10,755,266
Distribution	47000	Land	47000	Land	23,373	0	0	0	23,373
	47100	Land Rights	47100	Land Rights	1,191,978	75,549	82	0	1,267,608
	47300	Poles and Fixtures	47300	Poles and Fixtures	27,178,496	2,934,856	130,018	(11,824)	30,231,546
	47400	Overhead Conductor	47400	Overhead Conductor	18,832,841	1,532,866	151,593	(2,687)	20,514,612
	47410	Overhead Services	47410	Overhead Services	2,648,271	219,386	2,014	(20,219)	2,849,453
	47500	Underground Conduit	47500	Underground Conduit	20,054,863	799,259	129,169	(703)	20,982,589
	47510	Underground Services	47510	Underground Services	2,746,935	218,818	(1,261)	(11,414)	2,953,077
	47610	Meters	47610	Meters	617,392	233,411	868	(70,295)	781,375
	47610	Meters	47620	Metering Equipment	888,063	12,893	1,655	0	902,610
	47630	AMR Meters	47612	AMR Meters	60,990	6,857	(200)	0	67,646
	47710	Distribution Substation	47710	Non-Fenced Distr Sub Equip	2,654,006	0	0	0	2,654,006
	47710	Distribution Substation	47720	Distr Substation Buildings	477,067	0	0	0	477,067
	47810	Street Lights	47810	Street Lights	8,646,189	435,773	72,083	(6,524)	9,147,522
	47820	Sentinel Lights	47820	Sentinel Lights	284,738	0	0	0	284,738
	47910	Transformers	47910	Line Transformers	21,843,576	1,644,872	152,083	(20,596)	23,619,935
	47910	Transformers	47910INV	Inventory Reclass Transformers	813,880	0	(6,046)	0	807,834
	AFDIF	AFUDC Differential	AFDIF	AFUDC Differential	0	47,805	13,366	0	61,170
Total for Distribution					108,962,658	8,162,345	645,422	(144,262)	117,626,162
Generation	42000	Hydro Land	42000	Hydro Land	20,912	21,043	197	0	42,152
	42500	Hydro Equipment	42200	Hydro Structures	147,548	67,743	(4)	0	215,286
	42500	Hydro Equipment	42300	Hydro Resv, Dams & Waterways	1,006,106	849,527	19,440	0	1,875,073
	42500	Hydro Equipment	42500	Hydro Generators	712,661	726,950	18,823	0	1,458,435
	42500	Hydro Equipment	42600	Hydro Accessory Electrical Equip	105,192	0	0	0	105,192
	42500	Hydro Equipment	42700	Hydro Misc Equip	68,657	0	0	0	68,657
	AFDIF	AFUDC Differential	AFDIF	AFUDC Differential	0	16,310	1,208	0	17,518
	44000	Int Combust Land	44000	Int Combust Land	7,130	10,358	0	0	17,488
	44000	Int Combust Land	44000	Int Combust Land	0	0	0	0	0
	44200	Int Combust Structures	44200	Int Combust Structures	1,913,923	28,307	275	0	1,942,504
	44400	Int Combust Fuel Holders	44400	Int Combust Fuel Holders	2,312,909	0		(23,752)	2,289,158
	44500	Int Combust Generators	44500	Int Combust Generators	8,596,607	536,511	87,689	(2,043,336)	7,177,471
	44600	Int Combust Access Elect Equip	44600	Int Combust Access Elect Equip	2,346,010	56,488	0	(188,181)	2,214,317
	44700	Int Combust Misc Equip	44700	Int Combust Misc Equip	764,992	95,301	(6)	(14,213)	846,074
	AFDIF	AFUDC Differential	AFDIF	AFUDC Differential	0	9,366	0	0	9,366
Total for Generation					18,002,647	2,417,904	127,622	(2,269,481)	18,278,691
Transmission	45000	Land	45000	Land	11,551	0	0	0	11,551
	45700	Transmission Substation	45710	Substation Misc Equip & Install	1,384,421	0	0	0	1,384,421
Total for Transmission					1,395,972	0	0	0	1,395,972
	Regulatory Assets and Other Adjustments						1,845,000		1,845,000
Grand Total					138,646,998	11,012,225	2,688,452	(2,446,582)	149,901,092

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THE YUKON ELECTRICAL COMPANY LIMITED
#100, 1100 - First Avenue, Whitehorse, YT Y1A 3T4

DIRECTORS

Brian R. Bale
Loraine M. Charlton
Siegfried W. Kiefer
James W. Simpson
Nancy C. Southern
Ronald D. Southern

OFFICERS

Siegfried W. Kiefer	Chair & Chief Operating Officer
Roberta L. Lambright	President
Barry McNabb	Vice President, Regulatory & Controller
Patricia Spruin	Secretary
Carol Gear	Assistant Secretary

STATUTORY DECLARATION

IN THE MATTER OF A REPORT REQUIRED BY
SECTION 84 OF THE YUKON PUBLIC UTILITIES ACT
BY R.L. LAMBRIGHT, PRESIDENT, AND B.D. MCNABB,
VICE PRESIDENT REGULATORY & CONTROLLER,
OF
THE YUKON ELECTRICAL COMPANY LIMITED (the "Corporation")
(in thousands of dollars)

WE SOLEMNLY DECLARE THAT:

1. For 2011, the Net Rate Base for the Corporation was $57,203.

2. As of December 31, 2011, the total capitalization of the Corporation was $59,510 with a mid-year weighted average cost of 7.46%.

3. The revenues for the Corporation for the period from January 1, 2011 to December 31, 2011 were as follows:

Retail Sales	$ 46,456
Sales to other Utilities	38
Other Revenue	1,099
TOTAL	$ 47,593

4. The dividends paid by the Corporation for the period January 1, 2011 to December 31, 2011 were as follows:

Common Shares	$ 300

5. The operating and maintenance costs of the Corporation for the period from January 1, 2011 to December 31, 2011 were $10,036.

6. The Corporation estimates the following costs for new works, extensions and improvements during the current year:

Distribution Projects	$ 9,779
General Property & Equipment	644
Generating Plants	2,831
TOTAL	$ 13,254

WE MAKE THIS SOLEMN DECLARATION CONSCIENTIOUSLY BELIEVING IT TO BE TRUE AND KNOWING THAT IT IS OF THE SAME FORCE AND EFFECT AS IF MADE UNDER OATH.

Severally declared before me	)	
at the City of Edmonton	)	R. L. (Bobbi) Lambright
in the Province of Alberta	)	
this ______ day of __________, 2012.	)	

____

Severally declared before me	)	
at the City of Edmonton	)	B.D. (Barry) McNabb
in the Province of Alberta	)	
this ______ day of __________, 2012.	)	

____