

YUKON ENERGY CORPORATION
UTILITY INCOME AND RATE OF RETURN
For The Year Ended December 31
(\$000s)

	2016
Utility Revenue	
Utility Electric Sales	42,413
Other Revenue	273
Total	42,686
Utility Expense	
Labour	11,687
Non-Labour	
Operations and Maintenance	4,113
Administration	2,668
Insurance	1,037
Donations	95
Fuel	2,114
Purchased Power	45
Total Operating and Maintenance Costs	21,759
Depreciation & Amortization	
Fixed Asset Depreciation	10,615
Amortization of Deferred Costs (incl. RFID)	1,808
Amortization of Contribution for Extensions	(4,103)
Amortization of Fire Insurance Gain	(262)
Other Taxes	686
Total Expenses	30,503
Less: Donations	95
Disallowed Depreciation	16
Total	30,392
Utility (Regulatory) Income	12,294
Net Rate Base	258,293
Rate Of Return on Capital	4.76%
<i>Rate of Return on Equity</i>	8.85%
<i>Cost of Debt</i>	2.01%

YUKON ENERGY CORPORATION
COMPUTATION OF NET RATE BASE
For The Year Ended December 31
(\$000s)

	2016
Property, Plant and Equipment	589,952
Less: Work in progress (includes deferred cost WIP)	43,763
Accumulated Depreciation	140,344
Reserve for Future Removal and Site Restoration	4,358
Deferred Fire Gain	5,228
Customer Contributions (excluding for WIP)	172,604
Subtotal	223,655
Add: Deferred Study, Relicensing & Regulatory Costs	27,202
Accumulated Disallowed Depreciation	167
Less: Disallowed Assets	691
Reserve for Injuries and Damages	(1,059)
Net balance at year end	251,392
Mid-year balance	251,303
Add: Allowance for Working Capital	4,925
Mid-Year Rate Case Expense	2,066
Net Rate Base	258,293

YUKON ENERGY CORPORATION
WORKING CAPITAL CALCULATION
For The Year Ended December 31
(\$000s)

	2016
Working Capital	
Operation and Maintenance	21,759
Add: Other Taxes	686
Less: Donations and Disallowed expenses	95
Allowable Operating Expense	22,350
Allowance: Operating Expense (27/365 * Allowable Operating Expense)	1,653
Three Year Average Inventory	3,426
GST Impact	(154)
Total Working Capital	4,925

YUKON ENERGY CORPORATION
RECONCILIATION OF UTILITY INCOME TO NET EARNINGS
For The Year Ended December 31
(\$000s)

	2016
Utility Income	12,294
Add Non Utility Income:	
Allowance for Funds Used During Construction	819
Other Income	-
Sub-Total	13,113
Less Non Utility Expenses:	
Long Term Interest	3,500
Other Interest	(79)
Capital Lease Interest	-
Donations	95
Disallowed Expenses	962
Disallowed Depreciation	16
Net Earnings	8,619

YUKON ENERGY CORPORATION
SUMMARY OF CAPITAL ASSETS
For The Year Ended December 31
(\$000s)

	2016
Capital Assets	
Land	1,672
Hydro, LNG, Wind and Diesel Plants	338,332
Transmission	182,341
Distribution	16,734
Buildings, Office and General Equipment	26,655
Transportation	5,034
Construction Work-in-Progress	19,017
Cost	589,785
Less: Accumulated Depreciation	140,344
Net Book Value	449,441
Less: Net Contribution for Extensions	172,604
Net Capital Assets	276,837

YUKON ENERGY CORPORATION
COST OF CAPITAL CALCULATION
For The Year Ended December 31
(%)

2016	Capital Ratio	Cost	Return Component
Mid-year Long Term Debt	59.8	2.01	1.199
Mid-year Common Equity	40.2	8.85	3.561
	100.0		4.76