

YUKON
ENERGY



**YUKON ENERGY
CORPORATION**

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April 27, 2012

Mr. Bruce McLennan, Chair
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Dear Mr. McLennan:

Re: Yukon Energy Corporation 2012 and 2013 General Rate Application

Attached to this letter is the electronic version of Yukon Energy's 2012 and 2013 General Rate Application ("Application" or "GRA"). The filing consists of the Application and the Supporting Documents (comprising 12 tabs of detailed materials).

This GRA deals primarily with Yukon Energy revenue requirement matters for the 2012 and 2013 test years. It does not address in any material way cost of service and general rate design matters that would require joint work with the Yukon Electrical Company Limited ("YECL").

Rate increases are proposed by Yukon Energy for each test year through implementation of Rider J and Rider R (both applicable to retail and industrial customers throughout Yukon) to recover the Revenue Requirements to supply customers in 2012 and 2013. All Yukon Electrical recoveries from these riders would flow through to Yukon Energy. The Application conforms to the OIC 2012/68 rate direction that all rate adjustments for retail customers and major industrial customers apply equally, when measured as percentages, to all classes of retail customers and, subject to the 3.4% increase already in place effective January 1, 2012, to the class of major industrial customers.

The Application addresses required changes to recover costs for growing diesel generation requirements on the Integrated Grid, including changes to update and re-activate the Diesel Contingency Fund ("DCF") as of January 1, 2012 and related rate

adjustments to Rate Schedule 42, as well as other required updates and changes related to depreciation rates and planning cost accounting policies.

The requested approvals are set out in detail in the Application document. The proposed revised Rate Schedules and Riders are attached to Tab 4 of the Supporting Documents.

Application for Interim Retail Rates in 2012

Rates arising from the final order in this GRA are not expected to be approved and in place until late 2012. Interim refundable rate orders provide necessary flexibility to accommodate regulatory lag between the GRA filing date and the date the final Board order in the matter is issued. This effectively helps keep both ratepayers and the Yukon Energy whole.

To ensure that YEC has a reasonable ability to recover its prudent costs for 2012 (as may be finally approved by the Board after a full hearing), the Application includes a request to implement overall rate adjustments of 6.4% for retail customers and 2.9% for industrial customers through implementation of Rider J (applicable to retail customers and industrial customers), effective July 1, 2012 on an interim refundable basis. Any required “true up” between the utility and ratepayers for 2012 will be part of the Board’s final order setting out rates arising from this Application.

Proposed Process

Yukon Energy proposes that the Board establish a process at the earliest opportunity to allow for interested parties to be identified, and for a schedule to be developed for full public review of this Application. Using the timelines set for Yukon Energy’s 2008/09 GRA we attach for the Board’s consideration a proposed schedule. Yukon Energy will arrange for publication of a Notice of the Board’s process and date for public hearing in the local press once these plans are finalized.

The first step in the proposed schedule is a Pre-Hearing Conference to address procedural matters (e.g., identification of intervenors, regulatory process, and other matters in the proposed schedule). The schedule anticipates that the Board will issue, after the Pre-Hearing Conference, a procedural order and regulatory agenda for review of the Application.

As has been done in the past the schedule contemplates a workshop early in the process at which Yukon Energy will provide an overview of the overall Application for interested

parties and Board staff. This potential workshop can be structured as required to accommodate the interests of the Board.

Notifications of this filing are being sent to Yukon Electrical as well as intervenors in the 2009 Phase II Rate Application and 2008/2009 General Rate Application hearing. Copies of this letter, the Application and the Supporting Documents are being made available via Yukon Energy's website in their entirety at www.yukonenergy.ca as well as being provided, where requested by interested parties, in hard copy format.

If you have any questions regarding the above please call.

Yours truly,

A handwritten signature in black ink, appearing to read "Ed Mollard". The signature is fluid and cursive, with a large initial "E" and "M".

Ed Mollard
Chief Financial Officer

YUKON ENERGY
2012/2013 GENERAL RATE APPLICATION

PROPOSED SCHEDULE

Application to YUB April 27, 2012

Pre-hearing Conference and Workshop

Publish Notice of Pre-Hearing Conference and Workshop May 4, 2012

Intervenors Register with Board May 28, 2012

Workshop June 18, 2012
(Yukon Energy to provide summary of its proposals and Application)

Pre-hearing Conference June 19, 2012
(Identify intervenors, identify principal issues, regulatory process, scheduling and location of proceedings)

Proposed Schedule for Review of Application

IRs to Yukon Energy July 9, 2012
Yukon Energy responses (5 weeks) August 10, 2012

Intervenor Evidence filed (3 weeks) August 31, 2012

IRs to Intervenors on their Evidence (2 weeks) September 14, 2012

Intervenor responses (2 weeks) September 28, 2012

YEC Rebuttal Evidence (if necessary) (1 week) October 5, 2012

Oral Hearing October 15-17, 2012

Notes – Victoria Day is May 21, 2012; Canada Day Holiday is July 2, 2012; Discovery Day is August 20, 2012; Thanksgiving is October 8, 2012; Remembrance Day is November 11, Christmas is December 25, Boxing Day is December 26 and New Years Day is January 1.