



Leading Edge Projects Inc.

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Yukon Utilities Board
Box 3178
Whitehorse, Yukon
Y1A 6L3

Attn: Ms. Wendy Shanks, Board Chair

Dear Ms. Shanks:

**Re: Yukon Energy Corporation (YEC) 2008-2009 General Rate Application (GRA)
request for interim refundable rates**

Further to your correspondence dated October 17, 2008, I have considered the matter of interim refundable rates as requested by Yukon Energy, but my time availability has been limited and I have no more time before October 21.

One of the concerns I expressed at the YECL GRA request for interim refundable rates is the potential for rates to go up and down within a short period of time – rate instability. I see the situation at present as possessing the potential significant instability since four more adjustments from the present to the end of 2009 could happen – Yukon Energy interim rates, YECL final rates, Yukon Energy final rates, and Phase II final rates. Some of these adjustments may come with riders to capture shortfalls or to return surpluses. If customers are confused about their bills now they will be totally confused by the end of 2009.

To complicate matters Yukon Energy is proposing to adjust both first block and run-out block rates, a matter I thought normally reserved for Phase II hearings. Can this be done in a phase I hearing? As a matter of principle I am strongly in favour of run-out rates that reflect the marginal cost of power – diesel generation in our case.

I had hoped that YECL final rates and Yukon Energy interim rates could be implemented at the same time, but I am not sure how soon a final Board decision will be forthcoming on YECL's GRA. My view on the proposed interim rates is that if a Board decision on YECL's GRA is expected in time for final YECL rates to be implemented on or before December 31, 2008, the interim rates should be held in abeyance until then and all rates adjusted at the same time. However, if a Board decision is likely to require more time

than that to complete, then the requested interim refundable rates should be implemented. I must leave it to the Board to determine if the first block and run-out block rate rebalancing can happen in a Phase I hearing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Maissan". The signature is fluid and cursive, with a large initial "J" and "M".

John F. Maissan, P.Eng.

Electronically copied to YECL GRA circulation list