

YUKON
ENERGY



YUKON ENERGY
CORPORATION

P.O. Box 5920
WHITEHORSE
YUKON Y1A 6S7
(867) 393-5300

File: 2702-03-01

November 30, 2010

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

Dear Mr. McLennan,

**RE: Rate Schedule 39 – Escalation of Demand and Energy Charges per OIC
2007/94**

OIC 2007/94 provides for the “escalation” of demand and energy charges as follows:

Demand and Energy charges for the directed changes are to be escalated once each calendar year, starting January 1, 2010, based on the latest percentage increase in the 12 month implicit chain price index for gross domestic product at market prices for Canada as reported by Statistics Canada.

As reviewed in Board Order 2008-13 which approved the current Rate Schedule 39 pursuant to OIC 2007/94, YEC committed to file for approval of the Board any further changes to Rate Schedule 39 as may be required to address escalation of demand and energy charges as provided for in OIC 2007/94. In this regard, YEC has also committed to submit a letter to the Board prior to December 5th of each related year setting out, for approval by the Board, the adjustments to rates as required to effect escalation of demand and energy charges as directed by OIC 2007/94.

The most recent data available from Statistics Canada, in the 12 month Implicit Chain Price Index is for the Third Quarter of 2010 and indicates that the latest percentage increase, is 2.8%¹. Based on this latest data, there is a requirement pursuant to OIC 2007/94 to escalate the demand and energy charges for Rate Schedule 39 at this time by 2.8%, for rates to be effective January 1, 2011.

¹ See <http://www40.statcan.gc.ca/l01/cst01/gdps05a-eng.htm>

A reviewed Firm Mine Rate (Rate Schedule 39) with adjusted Demand and Energy charges is attached.

Yours truly,

A handwritten signature in black ink, appearing to read "Ed Mollard". The signature is written in a cursive style with a large, sweeping initial "E".

Ed Mollard
Chief Financial Officer

Attachment

ATTACHMENT 1 – RATE SCHEDULE 39 WITH AMENDMENTS

**FIRM MINE RATE
RATE SCHEDULE 39
INDUSTRIAL PRIMARY**

AVAILABLE: Throughout the service areas of Yukon Energy Corporation (“**YEC**”) and The Yukon Electrical Company Limited (“**YECL**”) served by the Whitehorse-Aishihik-Faro and Mayo-Dawson systems.

APPLICABLE: To all major industrial customers engaged in manufacturing, processing or mining with an electric service capacity in excess of 1,000 kW.

RATE: Charges in any one billing month shall be the sum of the following:

- (a) Demand Charge of \$15.42/kV.A of Billing Demand
- (b) Energy Charge of 7.81¢/kW.h for all energy used
- (c) Fixed Charge

For service to Minto mine site, the Fixed Charge each month shall equal the payments then required under the Power Purchase Agreement (the “**PPA**”) dated February 8, 2007 as amended on May 14 and May 25, 2007 between YEC and Minto Explorations Ltd. (“**Minto**”) for monthly Capital Cost Contributions for transmission connection to the mine.

**PEAK
SHAVING
CREDIT:**

For customers with an established Winter Contract Load in good standing, a Peak Shaving Credit in each billing month equal to 50% of the Demand Charge times the Peak Shaved Load.

**MINIMUM
MONTHLY
BILL:**

The minimum monthly bill will be the sum of the Demand Charge and the monthly Fixed Charge, less any applicable Peak Shaving Credit.

**PEAK
SHAVED
LOAD:**

Peak Shaved Load in any billing month is the amount by which then nominated Winter Contract Load is less than the Billing Demand for the month.

**BILLING
DEMAND:**

The Billing Demand shall be the greater of:

Effective; 2011/01/01

Supersedes: 2008/10/01

- (a) the highest metered kV.A demand recorded in the current billing month;
- (b) the highest metered kV.A demand recorded in the previous 12-month period including the current billing month, excluding the months April through September; or
- (c) the contract minimum demand.

**WINTER
CONTRACT
LOAD:**

A customer may, by six month written notice to YEC, nominate a Winter Contract Load at not less than two-thirds of the customer's contract maximum demand subject to the following conditions:

- a) the customer will thereby contract with YEC not to exceed the nominated Winter Contract Load whenever the temperature at Whitehorse is below -30 degrees Centigrade, based on YEC informing the customer by phone, fax or e-mail as to forecast and actual winter temperatures at Whitehorse as provided for in paragraph (b);
- b) YEC will inform the customer at least one hour in advance, and not more than one day in advance, of a forecast temperature at Whitehorse being below -30 degree Centigrade; thereafter, until YEC informs the customer otherwise, the customer will be responsible for ensuring that its metered kV.A demand does not exceed the Winter Contract Load during any hour when the actual temperature at Whitehorse is below -30 degrees Centigrade; YEC will inform the customer forthwith when the temperature at Whitehorse is no longer forecast to be below -30 degree Centigrade within the next 24 hours;
- c) the customer agrees that the contract for the nominated Winter Contract Load will continue until terminated by written notice of not less than 12 months by the customer to YEC; and
- d) if during such contract period for the Winter Contract Load the customer's metered kV.A demand recorded, after YEC has provided notice as specified in paragraph (b), exceeds the Winter Contract Load when the temperature at Whitehorse is less than -30 degrees Centigrade, the Winter Contract Load contract will be terminated forthwith, the customer will forthwith be required to repay to YEC all Peak Shaving Credits determined within the previous 12 billing months, and the customer will also pay for that billing month to YEC as penalty an amount equal to four times the Demand Charge on the metered kV.A demand

Effective; 2011/01/01
Supersedes: 2008/10/01

recorded in excess of the Winter Contract Demand; in addition, YEC reserves the right if so required to meet system loads when the temperature at Whitehorse is less than -30 degrees Centigrade during the then current month and the following 12 months to interrupt electricity supplied to the customer in excess of the previous Winter Contract Load.

**BASE
LOAD
ENERGY:**

A Base Load Energy amount per month may be established for a customer of 90% of forecast use when YEC expects to require diesel fuel generation to service use in excess of such a Base Load Energy amount. At such time, Rate Schedule 39 will be submitted to the Yukon Utilities Board for amendment to adjust the Energy rate as required for a two part rate that yields the same overall energy charge at forecast energy use, with all energy consumed in excess of the Base Load being charged at a rate reflecting the incremental cost of service using diesel fuel generation and all other energy being charged at the reduced rate required to yield the same overall energy charge at forecast energy use.

**RATE
MODIFICATIONS
APPLICABLE:**

For fuel adjustment rider, see Rider F. Rider F applied to energy charges only, set to \$0.0 for fuel price forecast filed November 20, 2006.

**ELECTRIC
SERVICE
REGULATIONS:**

The Electric Service Regulations approved by the Yukon Utilities Board form part of this rate schedule and apply to YEC and every customer supplied with electric service by YEC in the Yukon Territory. Copies of the Electric Service Regulations are available for inspection in the offices of YEC during normal working hours.