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February 24, 2011

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

Dear Mr. McLennan:

Re: Utilities Consumers' Group ("UCG") Notice of Motion relating to Yukon Energy Corporation ("Yukon Energy") Application for Approval of Escalation of Rate Schedule 39 Demand and Energy Charges pursuant to OIC 2007/94

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Davis LLP represents Yukon Energy in relation to UCG's February 19, 2011 Notice of Motion relating to Yukon Energy's February 14, 2011 responses to information requests which asserts that "appropriate and adequate responses have not been provided" to UCG-YEC-1-8 (a) and (b), and UCG-YEC-1-10.

***Yukon Energy Response to UCG's Notice of Motion***

The Board has established a narrow scope for this proceeding in Order 2011-2 noting, "the scope of the proceeding is limited to the escalation of the Demand and Energy charges in Rate Schedule 39 and the Intervenors should govern themselves accordingly". Yukon Energy's requested approval relates to a simple annual administrative filing, as required to comply with OIC 2007/94, to increase the demand and energy charges in Rate Schedule 39 to reflect inflation. Order 2011-2 confirmed that it is inappropriate for Intervenors to use this narrowly focused requested approval to open the door to an examination of larger rate issues.

In general the information requested in UCG-YEC-1-8 (a) and (b) and UCG-YEC-1-10 is not limited to the escalation of the Demand and Energy charges per the OIC requirement, but addresses issues beyond the scope of this proceeding.

In relation to UCG-YEC-1-8 (a) and (b) the requested information has no bearing on the determinations required under OIC 2007/94. There is no relevance or need to provide actual revenues for past years, nor any relevance or need to provide revenues separately related to demand and energy charges (i.e., the same escalation percentage will apply to both charges).

- Yukon Energy further notes that its response in any event addressed the projected revenue impact broken out by demand and energy charges by reference to its response to YUB-YEC-1-2(a) where projected 2011 revenues were provided for each charge before and after the requested rate escalations.
- In summary, there is no basis for UCG to seek any further response from Yukon Energy with regard to UCG-YEC-1-8(a) and (b).

In relation to UCG-YEC-10 the requested information also has no bearing on the determinations required under OIC 2007/94. In this regard, there is no relevance or need under OIC 2007/94 to determine the “adequacy” of any such required and prescribed annual escalation or to determine if the energy charge with Rate Schedule 39 is being set “at an appropriate level”.

- Investigation into the status of “diesel on the margin” in 2009, 2010 or 2011 is clearly not within the scope of the current proceeding.
- Further, it is a matter of public record that, since OIC 2007/94 was issued, YEC to date has not requested that the Board implement the Base Load Energy provisions of Rate Schedule 39.
- In summary, there is no basis for UCG to seek any further response from Yukon Energy with regard to UCG-YEC-1-10.

Yours truly,  
**DAVIS LLP**  
Per:



P. John Landry  
PJJ/sas