

**YUKON ENERGY CORPORATION**  
**Alexco Power Purchase Agreement**

**BOARD INFORMATION REQUEST (YUB) NO. 1**  
**TO YUKON ENERGY CORPORATION (YEC)**

**YUB-YEC-1**

**Reference:**

**Alexco PPA, Section 6-1, Attachment A-19**

**Issue/Sub-Issue:**

**Totalized metering**

**Preamble:**

Tab 5 of the Yukon Energy and Yukon Electrical 2009 Phase II Rate Application sets out proposed adjusted Terms and Conditions of Service wherein section 7.7 would allow such totalized metering where (as in this PPA) it is specified in a contract. YEC notes that under the current ESRs, section 4.7 would not permit totalized metering in this instance as the Points of Delivery are not located within a radius of a half a mile of each other – and therefore, until such time as the current ESRs are modified to so permit this totalized metering, YUB approval is being sought to proceed with the above provision as stated in section 6.1 of the PPA. If permitted by the ESRs or YUB, the Electric Demand and Electric Energy at the Points of Delivery will be totaled and only one bill will be issued for such Points of Delivery.

**Request:**

- (a) Please provide sample bill calculations for typical Alexco demand and energy consumption that compare and contrast the expected rate revenues for (i) totalized metering under one bill and (ii) individual bills by each point of delivery. Please provide all relevant billing determinants and assumptions.
- (b) Given that the current ESRs, section 4.7 do not permit totalized metering and YEC is requesting totalized metering for this customer in advance of YUB review and approval of section 7.7, Terms and Conditions of the Energy and Yukon Electrical 2009 Phase II Rate Application, what treatment is proposed by YEC if section 7.7 of the ESRs is not approved by the YUB? Would Alexco be responsible to reimburse other customers in this rate class for the difference in rate revenues that result from totalized metering vs. individual bills for points of delivery effective from the commercial date of operation?

**YUB-YEC-2**

**Reference:**

**Alexco PPA, Application, Requested Approvals**

**Preamble:**

YEC indicates that “Each time that a Major Industrial Customer proposes to commence for the first time to receive Grid Electricity from the Transmission Facilities as defined in the PPA, the Alexco PPA (section 6.7) requires YEC to determine on a reasonable basis a proposed amended Fixed Charge applicable to Alexco reflecting an allocation of costs relating to the Transmission Facilities among the new Major Industrial Customers, Alexco and all other Major Industrial Customers receiving Grid Electricity from the Transmission Facilities.”

**Request:**

- (a) Please describe the proposed methodology for adjusting the Fixed Charge.
- (b) Please provide a sample calculation that shows a proposed amended Fixed Charge if another Major Industrial Customer the size of Alexco were to connect to the transmission facilities. Please provide all relevant assumptions.

**YUB-YEC-3**

**Reference:**

**Alexco PPA, Application, Page 3**

**Quote:**

Based on past Yukon precedent industrial customers are required to make contributions towards existing and new transmission infrastructure built specifically to provide industrial service to their mine site. In this regard, when dealing with established transmission facilities, these customers are to be assigned annual depreciation and return costs related to such transmission facilities.

**Request:**

- (a) Please provide and cite all previous Board decisions where this precedent was accepted.
- (b) Please provide the detailed calculation of how the \$7,289/month (Fixed Charge, Schedule A) was determined. Also, provide the calculation in electronic format, stating all assumptions.
- (c) Does YEC believe that new/incremental industrial customers should make any contributions to generation? Please fully explain your answer.

**YUB-YEC-4**

**Reference:**

**Alexco PPA, Application, page 4**

**Quotes:**

The PPA Fixed Charge of \$7,289/month (\$87,468 per annum) assigns to Alexco 85% of YEC 2010 annual owner costs (depreciation and return) related to the defined Transmission Facilities primarily developed in the past to serve industrial customers in the District (i.e. UKHM).

And

The proposed 85% share as agreed in the PPA is based on NEB 1985 NCPC Report finding re: Faro mine which the YUB subsequently retained to set the fixed charge for the Faro mine under Rate Schedule 39.

**Request:**

- (a) Please provide and cite all Board decisions where the Board specifically approved the 85% allocation of annual costs to Faro.
- (b) What was the Faro share, at the time of annual retail load (both demand and energy)?
- (c) What is the expected Alexco share of annual retail load (both demand and energy) of the Mayo-Dawson system?
- (d) How does the direct cost allocation of 85% of the costs (Faro mine) reasonably reflect the mine's share of the load on the line (approximately 96.8%)?
- (e) On an initial forecast basis (both load and costs), of the total costs (fixed and variable), what percentage of those total costs will be captured by Alexco?
- (f) Please list all factors that differ for the Alexco situation from those that existed at the time for Faro.

**YUB-YEC-5**

**Reference:** Alexco PPA, Application, page 5

**Quote:** Under the Alexco PPA Capital Costs are to be paid by Alexco for all Mine Facilities Spurs that YEC agrees to develop to provide grid service to the Mine Facilities as well as for YEC's costs to negotiate and conclude the PPA (and such costs are to be fully paid shortly after Commencement of Delivery to the relevant Mine Facilities).

**Request:**

- (a) Have the Capital Costs been paid by Alexco since the Commencement of Delivery was expected to occur in October, 2010?
- (b) If the Capital Costs have not been paid as of the date of the responses to these information requests, who is responsible for the working capital costs of the Mine Facilities Spurs until such time as the Capital Costs are paid?

**YUB-YEC-6**

**Reference:** Definition of Costs to be Paid by Alexco [section 1.1(j)], Attachment A-6

**Request:**

- (a) Do the costs and expenses reasonably incurred to conclude the PPA with Alexco include all the costs associated with this regulatory proceeding?
- (b) Are the costs referred to in (a) above to be included at the Board scale of costs?

**YUB-YEC-7**

**Reference:** Schedule of Payment of Capital costs by Alexco [Part 5, section 5.1(a-d)], Attachments A-18 and A-19

**Request:**

- (a) Do the costs defined in Part 5, section 5.1(a-d) include a working capital component?

**YUB-YEC-8**

**Reference:** Alexco PPA, Application, page 7 – Payments for Future Decommissioning Costs for the Mine Facilities Spurs

**Quote:** Alexco will make Decommissioning Cost Payments (based on the Estimated Decommissioning Costs) towards this account to be deposited into the account by YEC upon payment and invested at 6.5% interest per annum to fund YEC's regulated rate base during the Term under Part 11.

**Request:**

- (a) Does YEC see this investment as an equity component or a debt component in its capital structure?

**YUB-YEC-9**

**Reference:** Alexco PPA, Attachment A-7, section 1.1(m)  
**Commercial Operation Date**

**Request:**

(a) What is the Commercial Operation Date?

**YUB-YEC-10**

**Reference:** Alexco PPA, Attachment A-7, section 1.1(o)  
**Decommissioning Costs**

**Request:**

(a) Do Decommissioning Costs include costs with respect to the inspection of the restored sites and any related regulatory costs?

**YUB-YEC-11**

**Reference:** Alexco PPA, Attachment A-10, section 1.1(mm)  
**Interest Rate**

**Request:**

(a) Please provide an example of the documentation used to determine the interest rate as defined in (mm) of 1.1 Definitions in Part 1 Definitions and Interpretation.

**YUB-YEC-12**

**Reference:** Alexco PPA, Attachment A-14, section 3.3  
**Initial Activities — Initial Mine Facilities**

**Request:**

(a) Please confirm the dates for the commissioning of the Initial Mine Facilities

**YUB-YEC-13**

**Reference:** Alexco PPA, Attachment A-21, section 7.2  
**Metering — Testing**

**Quote:** If a meter is found not to be functioning within the prescribed limit of error, the Electricity purchased will be determined under the Act.

**Request:**

(a) Please provide further explanation to the above statement and support it with a numerical example.

**YUB-YEC-14**

**Reference:**                **Alexco PPA, Attachment B-1 — YEC Annual Transmission Facilities Costs**

**Request:**

- (a) Please provide the source for the actual 2008 transmission costs and the estimated transmission costs to the end of 2009 and 2010.
- (b) Please reconcile the transmission costs amounts to the amounts approved in YEC's 2008-2009 GRA.
- (c) Will Alexco derive any benefits from the completion of the second stage of the Carmacks-Stewart Transmission Project (CSTP)?
- (d) If so, should any residual costs of the CSTP Stage 2 be included in the fixed costs under this PPA?