

UTILITIES CONSUMERS' GROUP
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February 14, 2011

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Attention: Deana Lemke, Executive Secretary

**Re: Comments on Yukon Energy Corporation Cost Claim
YEC Application for Approval of the Power Purchase Agreement between YEC and
Alexco Resource Corp.**

Dear Ms. Lemke:

The Utilities Consumers' Group offers the following comments on YEC's cost claim in this proceeding.

Legal Costs

YEC has been charged legal fees at an hourly rate in excess of the rate allowed in the Scale of Costs. Even though YEC has not claimed legal fees in excess of the Scale of Costs, UCG submits that all of the legal fees that were charged at above-Scale hourly rates (**\$2,500.00 + \$125.00 GST**) should not be recovered in any way through rates charged to Yukon ratepayers.

UCG submits that fees related to services provided by Brian Hiebert should not be recovered as part of this proceeding from Yukon ratepayers. By YEC's submission, Mr. Hiebert's involvement was specifically related to the negotiation and drafting of the PPA document which then formed the basis of the application. While not included in YEC's cost claim, UCG submits that these duplicative services were not regulatory costs related to this proceeding and should not be recovered in any way through rates charged to Yukon ratepayers.

Intergroup Consultants

Contrary to YEC's claim, UCG submits that any costs incurred by anyone other than Cam Osler and Mona Pollitt-Smith are duplicative and should be regarded as administrative regulatory support. The utilities should not be allowed to pay an unlimited number of consultants in order to prepare their applications for regulatory review. Allowing unlimited costs would establish an unreasonable burden for Yukon ratepayers. UCG submits that the following **\$667.50 + \$33.38 GST** in support costs should be disallowed from YEC's cost claim:

November 2010

R. Connon - 2.25 hours - \$263.25

H. Najmidinov - 0.25 hours - \$19.25

B. Wilson - 4.00 hours - \$308.00

December 2010

B. Wilson - 1.00 hour - \$77.00

UCG submits that while not all of the charges identified on invoices from InterGroup were claimed for recovery as part of the Alexco PPA proceeding, UCG is concerned that these costs will be paid by YEC and recovered through rates charged to Yukon ratepayers. UCG submits that a disallowance of cost recovery in a cost claim or identifying costs that would not be allowed means that these are costs that Yukon ratepayers should not pay. To recover disallowed or non-qualifying costs through rates cancels the intention of a disallowance and negates the intent of the Scale of Costs.

If there are any questions concerning the contents of this cost claim I would ask that they be directed to me by email at rondeau@northwestel.net or Pat McMahon at patrick.mcmahon@sympatico.ca.

Yours truly,

Roger Rondeau
Utilities Consumers' Group