



January 31, 2011

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

Dear Mr. McLennan:

**Re: An Application by Yukon Energy Corporation (YEC) for approval of the Power Purchase Agreement (PPA) between YEC and Alexco Resources Corp. (Alexco) – Alexco PPA Hearing Costs**

On September 28, 2010, Yukon Energy Corporation (YEC, or the Company) filed an application with the Yukon Utilities Board (Board) requesting an Order for approvals in relation to the Purchase Power Agreement (PPA) between YEC and Alexco. Order 2010-10 established a process for a limited scope review of the requested approvals via a written proceeding with provision for intervenors to register and ask interrogatories, as well as provision for written argument and written reply.

Order 2010-14 was issued December 31, 2010. According to the Board's YUB Intervenor Cost Awards Policy, parties have 30 days from the date of the YUB report or order to submit cost claims.

Attached please find Yukon Energy's Application and supporting information for costs related to the Alexco PPA proceeding, including the following material:

- An Affidavit of Cost Claim;
- A summary of Total Fees and Disbursements;
- A summary of Professional Fees by segment;
- A Summary of Disbursements Claimed; and
- A Summary by Individual and Allocation by Production Services and Administrative Services (**Attachment A**).

Also attached is relevant supporting documentation for costs incurred including invoices, receipts and timesheets (**Attachment B**), and a confirmation of retainer from legal counsel for Yukon Energy, as well as a confirmation of retainer for the consultants retained by Yukon Energy to assist in preparation and review of the Alexco PPA Application (**Attachment C**).

Yukon Energy will defer hearing costs of the Application to be amortized as approved by the Board in the next YEC GRA. This will include all costs incurred by the YUB and intervenors that YEC is directed by the YUB to pay.

A more detailed summary and explanation of costs incurred is provided below.

### **Summary of Costs**

Yukon Energy is seeking approval of costs incurred in relation to the preparation and Yukon Utilities Board review of its Alexco PPA Application. This includes costs incurred related to the following key activities:

- Preparation of the Alexco PPA Application (including costs incurred to prepare, draft, review and file the final Application document);
- Information Requests; and
- Preparation of Argument and Reply Argument.

Yukon Energy submits that all costs as applied for are reasonable and necessarily incurred in order to prepare and support its Application. Further detail and justification for professional costs (legal and consulting), as well as disbursements, is provided.

### **Justification of Costs**

In determining the breakdown between "preparation" and "argument and reply" Yukon Energy has followed the practice established during past YUB review processes and used the following basic organizational structure:

- **Preparation** covers activities from September 2010 to December 1, 2010, including preparation of the application and interrogatory responses.
- **Argument and Reply** covers activities in December related to preparation of written argument and reply argument.

Summary tables of costs incurred are provided as **Attachment A** to this filing.

#### **1. Legal Fees**

As in past hearings and regulatory processes, Yukon Energy retained Davis LLP as legal counsel, with P. John Landry providing the majority of legal services required. Fees also include fees related to services provided by Brian Hiebert. Mr. Hiebert was specifically involved in the

negotiation and drafting of the PPA document and provided inputs into the PPA Application process as required. Specifically, this included inputs related to providing support in relation to issues surrounding provisions of the PPA as negotiated (including input into specific IRs).

Mr. Landry and Davis LLP provided the following relevant assistance to Yukon Energy in relation to the preparation, filing and review of its Alexco PPA Application:

- Review of Application;
- Review of correspondence and any other materials filed in relation to the Application and review process;
- Review of information requests by intervenors and of Yukon Energy’s responses to information requests; and
- Assistance preparation and review of argument and reply argument.

Pursuant to the Scale of Costs and prior Board direction<sup>1</sup>, professional fees for legal services included in the Yukon Energy cost award application do not exceed the established \$225/hour limit. The summary of fees by hearing activity stages for Davis LLP is as follows:

<b>Phase</b>	<b>Hours</b>	<b>Total fees allowed by Scale of Costs (\$Can)</b>
Preparation	9.00	\$2,025.00
Hearing Attendance	0.00	\$0.00
Argument, Reply, Follow-Up	6.00	\$1,350.00
<b>Davis LLP Fee Total</b>	<b>15.00</b>	<b>\$3,375.00</b>

## **2. Consultant Fees**

Consultant costs were incurred for InterGroup Consultants Ltd., (“InterGroup”). Yukon Energy retained InterGroup as primary regulatory consultants to assist with the preparation of the filing and the review process before the Board. A copy of the retainer letter and supporting information is provided as Attachment C to this letter.

InterGroup was heavily involved in the preparation of the Application (including producing preliminary and final drafts of materials, as well as professional services for production of the final document) and with the coordination of materials with Yukon Energy and its legal counsel, including the following specific activities:

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<sup>1</sup> Order 2007-7 as well as subsequent Orders (i.e., 2007-8) on costs noted costs for legal counsel and consultants used by the Applicant should be subject to the maximum fee of \$225/hr pursuant to the Scale of Costs.

- **Preparation Alexco PPA Application** – Including economic analysis, as well as producing preliminary and final drafts of materials, and coordination of materials with Yukon Energy and its legal counsel.
- **Professional services for document production** – Including document review, formatting and production related to application, interrogatories, argument and reply.
- **Preparation of interrogatories** – Assistance with the preparation of interrogatory responses including coordination with YEC and legal counsel, writing, editing of interrogatory responses, as well as professional services for production of any documents, and overall process management and progress tracking during the IR preparation period.
- **Preparation of Argument and Reply** – Assistance with preparation of final argument and reply argument.

InterGroup Consultants Ltd costs for the above-noted services primarily cover the participation of Cam Osler and Mona Pollitt-Smith related to analysis and drafting of components of the Application and related ongoing work (interrogatories responses, written argument and written reply). Other consultants and research staff were relied upon, as required, including Brenda Wilson (in relation to project management and coordination of interrogatory responses). Costs also include services provided by Roberta Connon, Jolene Mollard and staff related to document review, production and process tracking.

InterGroup's firm hourly rates are set separately for all staff members and rates for Principals or Consultants do not include costs for clerical, administrative or research staff support as directly provided for any assignment. Firm hourly rates do not vary when overtime is required. All InterGroup regulatory consulting staff billing rates are at or below the established \$225/hour limit and consequently no hourly rate adjustment is necessary.

For the purposes of this cost claim filing Yukon Energy has not claimed cost recovery for costs deemed purely administrative in nature (i.e., allocated as secretarial/clerical or related to invoicing and other purely administrative services). However, production services are considered to be specific professional services provided to Yukon Energy in relation to major filings (such as GRA's and Part 3 reviews) and have been separated out from purely administration costs (such as invoicing, clerical or secretarial work). This is based on the view that these are professional services for document production specifically not included in consultant fees (this includes production work related to the formatting and production of the Alexco PPA Application, and production work related to formatting, review and production of a consolidated interrogatories filing document). Document production assists understanding of matters in the proceeding by ensuring a coherent, final document is produced and available to the Board and other parties in the proceeding.

The allocation of administration and production costs is noted in the tables provided in **Attachment A**.

The summary of fees by hearing activity stages for InterGroup Consultants is as follows:

<b>Phase</b>	<b>Hours</b>	<b>Total fees allowed by Scale of Costs (\$Can)</b>
Preparation	106.50	\$13,690.25
Hearing Attendance	0.00	\$0.00
Argument, Reply, Follow-Up	18.00	\$3,445.00
<b>InterGroup Fee Total</b>	<b>124.50</b>	<b>\$17,135.25</b>

### 3. Disbursements

Total disbursements claimed are \$1,615.41 broken out as follows:

#### Disbursements allowed by Scale of Costs (\$Can)

	<b>YEC</b>	<b>InterGroup</b>	<b>Davis LLP</b>	<b>Total</b>
Travel <sup>1</sup>		\$0.00	\$0.00	<b>\$0.00</b>
Telephone and Fax		\$0.00	\$0.00	<b>\$0.00</b>
Photocopying and Printing		\$60.75	\$0.00	<b>\$60.75</b>
Advertising (Wkshp and Hearings)	\$1,554.66	\$0.00	\$0.00	<b>\$1,554.66</b>
Mics. Supplies and Services		\$0.00	\$0.00	<b>\$0.00</b>
<b>Total</b>	<b>\$1,554.66</b>	<b>\$60.75</b>	<b>\$0.00</b>	<b>\$1,615.41</b>

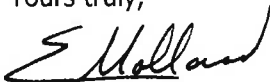
Notes:

1. Includes airfares, accommodation, taxi, rental car and parking expenses.

Photocopying and printing costs internal to YEC's legal counsel and consultants are reasonable and necessarily incurred as they relate to the preparation (drafting, review and finalization) of the Application and similarly to the drafting, review and finalization of Interrogatories and other required filings.

Cost information on disbursements is provided based on past practice with regard to YEC cost filings. Further detailed supporting information, including invoices, timesheets and receipts is provided as **Attachment B** to this filing.

Yours truly,



Ed Mollard  
Chief Financial Officer

Attachments