



**PUBLIC INTEREST ADVOCACY CENTRE**  
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February 15, 2007

Yukon Utilities Board  
Box 31728  
Whitehorse, Yukon  
Y1A 6L3

Attention: Deane Lemke, Board Secretary

**Re: Board Order 2007-1 – YEC / Minto Power Purchase Agreement**

Dear Ms. Lemke:

The Utilities Consumers' Group is in receipt of Board Order 2007-1 that you circulated to various parties on the afternoon of Saturday, February 10, 2007. While we understand the importance of dealing with all of the issues related to the proposed Carmacks-Stewart transmission project on a timely basis, we would like to raise some preliminary issues for the Board's consideration.

**SCOPE OF THE HEARING**

We would like to confirm that the scope of this further phase of the hearing is to evaluate the appropriateness of the Carmacks-Stewart transmission project in the context of the 20-Year Resource Plan in light of the proposed power purchase agreement that governs the Minto Mine, and that providing approval of a new industrial rate is inappropriate in this context. We would respectfully ask the Board to confirm that it is not entertaining the application for a new rate at this time in this proceeding.

The Board has been asked by YEC to approve a Firm Mine Rate for initial delivery of Mine Firm Electricity by YEC to Minto and to approve an adjustment mechanism with respect to any future adjustment of the Firm Mine Rate after 2008. According to section 6(1) of OIC 1995/090, "The Board must ensure that the rates charged to major industrial power customers, whether pursuant to contracts or otherwise, are sufficient to recover the costs of service to that customer class; those costs must be determined by treating the whole Yukon as a single rate zone and the rates charged by both utilities must be the same".

Given that the Board has directed YEC and YECL to submit a General Rate Application by October 31, 2007, UCG submits that it is premature to include any rate proposals as part of the review of the proposed power purchase agreement. To the extent that the purchase power agreement relies on a particular rate being set we would expect to ask questions and make submissions with respect to such a requirement, but we do not expect to be required to ask questions or make submissions with respect to the appropriateness of the rate proposal itself.

### **COMBINING THE PURCHASE POWER AGREEMENT REVIEW WITH THE PROPOSED GOVERNMENT REVIEW**

In its January 15, 2007 recommendations regarding YEC's 20-year resource plan, the Board noted that the Minister of Justice had said in her letter of August 29, 2006 to the Board that "prior to the implementation of any proposed significant energy projects by YEC (e.g., construction of the Carmacks-Stewart transmission line), it is the government's intention to refer the details of such projects to the YUB for review and recommendation under provisions of Part 3 of the *Public Utilities Act*".

As was reported in the media last week, the Minister of Energy, Mines and Resources said that an official hearing into the proposed \$40 million power line extension from Carmacks to Pelly Crossing, (and then on to Stewart Crossing in phase two) will receive full scrutiny. He also said that there will also be full scrutiny of a proposed agreement to supply the new Minto mine with power from the extended grid. A Cabinet spokesman was reported as saying that the order for a hearing into the proposed line extension would be issued by the Minister of Justice by the end of February.

The UCG submits that the review of the proposed power purchase agreement submitted by YEC last week and the government directed review of the proposed power line extension should be combined as a matter of regulatory efficiency. We understand that the Board cannot specifically plan the review of the agreement around a government review that has not been officially directed yet, but given the clear indications from the government concerning a pending full review process, UCG suggests that the purchase power agreement review be conducted with a view to incorporating it into the larger review process if and when commenced.

### **INTERROGATORY PROCESS**

In Board Order 2007-1, the Board has requested that information requests to YEC be submitted by February 26, 2007. There is no provision for follow-up questions (either written or orally) on any responses submitted by YEC. UCG submits that the process as identified in Board Order 2007-1 would fail to provide the "full scrutiny" that the Yukon's Minister of Energy, Mines and Resources has committed will take place and, in fact, may leave many questions unanswered.

UCG is concerned that YEC may refuse to respond to specific information requests and there does not appear to be an adequate opportunity to follow up on refused or incompletely answered information requests, based on the short time between required responses and the due date for argument, and the process ordered. UCG asks that a follow-up process on the responses from YEC be incorporated into the process to address this concern.

Additionally, related to our submission above about the scope of the review, UCG is concerned that there is no issues list established for the review of the power purchase agreement which may cause significant disputes as to the appropriateness of information requests.

Accordingly UCG respectfully submits that it would be helpful to establish an issues list, particularly in light of the accompanying application for a new industrial rate which in our view is outside the scope of the review.

Should you have any questions, please do not hesitate to contact me.

Yours very truly,



Michael Buonaguro  
Counsel for UCG  
CC: all parties