

YUKON UTILITIES BOARD

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March 19, 2007

Honourable Marian Horne
Minister of Justice
Government of Yukon
Box 2703
Whitehorse, Yukon Y1A 2C6

Hon. Ms. Horne:

**Re: Yukon Energy Corporation Power Purchase Agreement
Application (PPA)**

The Yukon Utilities Board (YUB or Board) is in receipt of your letter dated March 5, 2007, in which you advise of the government's intention to designate the Carmacks-Stewart transmission line as a regulated project and refer the project to the YUB for review and recommendations.

As you are aware, in the YUB's Recommendations Report on Yukon Energy Corporation's (YEC) 20-Year Resource Plan, the YUB stated at p.32:

The finalized PPA (Power Purchase Agreement) must still be submitted to the Board for review and approval... In the absence of an approved PPA, the Board cannot make a firm recommendation on the Carmacks-Stewart line. However, based on the information before it, the Board is of the view that YEC's proposed first stage of the Carmacks-Stewart line should proceed as applied for by YEC...

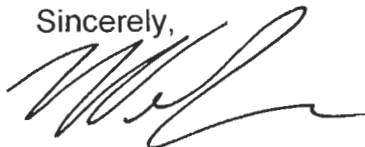
On February 8, 2007, YEC filed an application with the YUB for approval of the PPA between YEC and Minto Exploration Ltd. The PPA Application requests the following approvals from the Board by April 30, 2007:

1. Firm Mine Rate
2. Low Grade Ore Processing Secondary Energy Rate
3. Mine Net Revenue Account
4. Capital Cost Contribution
5. Take-or-Pay and YEC Security
6. YEC Purchase of the Diesel Units
7. Decommissioning Costs (per Yukon Energy Corporation's PPA Application, p. 2-3)

Following receipt of the PPA Application, the YUB established a process for the review of this application. YEC has indicated that it requires approval of the PPA by April 30, 2007, in order to complete the first stage of the Carmacks-Stewart line prior to September 30, 2008. YEC indicated in its PPA application on page 5 that completion of the project "prior to the end of 2008 will enable YEC to supply electricity to Minto, displacing ongoing baseload use of the mine Diesel Units and securing economic benefits for both Minto and Yukon electricity ratepayers".

The YUB notes that your letter states "...I am writing to request that you provide your final recommendations on the PPA as part of the Part 3 review of the project". The YUB also notes that the approvals sought by YEC fall within the YUB's jurisdiction, and that the YUB is required to issue a decision on these matters and not just a recommendation. Given the time sensitivity indicated by YEC and given that a decision of the YUB is required on the approvals requested, unless you direct otherwise, at this time, the YUB will continue to process the PPA application and render a decision in a timely manner.

Sincerely,



Wendy Shanks
A/Chair

c. All Parties