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Yukon Utilities Board (YUB)
Box 31728
Whitehorse, Yukon
Y1A 6L3

Re: YEC's 07/03/20 reply to Peter Percival's Notice of Motion of 07/03/15

PWP-YEC-1-9 & -1-10

YEC's response appears to be an admission that it does not understand the differences between the three types of cost estimates that are normally employed in the planning, design and tendering for construction phases of project management. Namely: Conceptual planning with order of magnitude "ball park" type cost estimates; Functional design(s) with preliminary comparative detailed cost estimates and; Tender for Construction detailed engineering designs with finalized detailed cost estimates.

To date, all that YEC has offered for review by the YUB and intervenors is what would normally be considered as a conceptual cost estimate. While such an estimate would be acceptable at a very early planning stage (i.e. for the 20 Year Resource Plan) the estimated costs therein could easily be off by as much as 30% to 50% (with YEC's record on the Stewart-Dawson line may be even more) and for the purposes still be considered appropriate.

However, YEC has not provided any estimate as to the accuracy of its current Conceptual estimates and yet expects the YUB and the intervenors to accept them as being 100% accurate.

Incredibly, YEC appears to have only used these conceptual estimates to enter into a very complicated multi-million dollar multi-year PPA with Minto.

I contend that from these conceptual estimates it is impossible for the YUB or the intervenors to assess whether or not either the \$7.2 M contribution by Minto for the Carmacks to Minto Landing main transmission line or the \$3.8 to \$4.8 M Mine Spur costs have been rationally, reasonably and fairly determined and calculated. What evidence or information has YEC provided that the \$85,000 / km is reasonable for a 34.5 kV line in the Yukon at this location? None! Where did this figure come from? What have similar power lines in other adjacent jurisdictions cost in total and on a \$/km basis? We have no idea and it appears that neither does YEC or its consultants Inter Group or if they do they are not telling.

Had the PPA required that Minto pay the full cost of the Mine Spur, no matter how much it cost with or without penalties or incentives, and this amount was divided by the length of the Spur to give a cost per km for a 34.5 kV line and then this \$/km figure was multiplied by the length of the Carmacks to Minto Landing transmission line to give the amount that Minto should pay as a contribution, such a process would make reasonable sense.

I submit that for YEC to establish and defend a fixed amount of \$7.2M for Minto's contribution to the main transmission line YEC must provide at a minimum Functional Planning preliminary comparative detailed cost estimates for both these line segments for testing by the YUB and intervenors so as to determine whether or not and to what extent the \$7.2M figure is supportable.

Should Minto's fixed contribution of \$7.2M fall short of what its actual fair share of the final construction cost of the Carmacks to Minto Landing line turn out to be, YEC's project and financial risks could

substantially increase. And no matter what YEC and Minto claim about there being no net effect on other electrical rate payers the only positive way to ensure that there are no net negative impacts to others is for the YUB to, by order, disallow from rate base all cost over runs. It is in all parties' best interests, possibly including Minto's as well, to ensure that there are much better than only "ball park" cost estimates provided for the YUB's consideration.

As an aside, I note that Minto is a full party to the PPA in every respect and that Minto has not, in any way, been excluded from or prevented from participating in these proceedings but at its own choice Minto has elected to assume "third party non-status". A critical element of the PPA is the \$7.2M contribution that Minto is required to eventually pay yet Minto remains silent on the reasonableness of this item and other important aspects of the PPA. The PPA as finally approved will set the new, possibly precedent setting, firm mine rate for the Industrial Class of which Minto will be the first, and at least for a short period, the only customer in this Class, yet Minto chooses not to appear. Minto's lack of participation is most troubling as it forces only one of the direct parties to the PPA to defend it. In the past the major mine customer operating the Faro ore deposits invariably took up intervenor status in such proceedings before the YUB. A skeptic might assume that the PPA will prove to be such a super sweet deal for Minto that Minto may be too embarrassed to defend it.

I therefore, once again, respectfully request that the YUB order YEC to prepare such preliminary detailed Functional cost estimates forthwith so that these can be reviewed prior to the hearing proceeding and hopefully so these estimates can be tested at a reconvened full public hearing.

PWP-YEC-1-27

The General Security Agreement with the Prior Security Interests listed in Schedule 1 (Schedule F to the PPA) is direct evidence filed by YEC for these proceedings and YEC has an obligation to provide clarification on all direct evidence it files with the YUB. I submit that the information requested is critical to the assessment of financial risk to which YEC and thus, in the long run, all its rate payers are exposed. Surely YEC can easily obtain the amounts from the financial due diligence process that has recently been completed. This information is neither privileged nor confidential as much of it must have already been filed in public registries as Miner's liens, chattel mortgages, mortgages on land titles, etc. I hope YEC is not going to play "peek-a-boo" with this information from behind the, to date un-filed, phantom Confidentiality Agreement

I therefore, once again, respectfully request that the YUB order YEC to all the amounts sought forthwith so that these can be reviewed prior to the hearing proceeding.

Sincerely,

P. W. Percival, P. Eng.