

1998-3

AN ORDER IN THE MATTER OF the Public Utilities Act
Revised Statutes, 1986, c. 143, as amended

and

A Final Application submitted December 16, 1997 by Yukon Electrical Company Limited

and

A Revised Application submitted April 22, 1998 by Yukon Energy Corporation

BEFORE: B. Morris, Chair)
 G. Duncan, Vice Chair)
 G. Leslie, Member) May 22, 1998

ORDER 1998-3

WHEREAS:

- A. On April 11, 1997, Yukon Energy Corporation ("YEC") and Yukon Electrical Company Limited ("YECL") (the "Companies") filed submissions in response to the closure of the Faro mine.
- B. Board Order #1997-6, after a hearing, ordered that:
 - 1. Current rates for 1997 are made interim and refundable and retroactively adjustable to April 1, 1997.
 - 2. An interim refundable general rider surcharge of 20% be applied to the base rates for all customer classes of service effective for billings on or after June 1, 1997, and continuing thereafter until such time as the Faro mine resumes as a Rate Schedule 39 customer of YEC, or until the Board determines final rates for 1997.
 - 3. The payment of Rider G rebates to Territorial and Federal Government General Service customers pursuant to Board Order #1996-8 be suspended effective for all billings issued on or after June 1, 1997, until such time as the Faro mine resumes normal mine and mill operations as a Rate Schedule 39 customer of YEC or until the Board determines final rates for 1997.

- C. The Companies, in their application, also suggested that a combined 1997 rate finalization and 1998/99 GRA application in October 1997 would be cost-effective and that the situation regarding Anvil Range Mining Corporation ("Anvil") would be clarified by then. The Board suggested that such a combined application could likely not be heard until some time in 1998, after due notice and intervals for workshops, information requests and responses and ordered that an application to finalize 1997 rates be made at the earlier of October 1, 1997 or when the Mine re-opens and the uncertainties are removed.
- D. On December 16, 1997, the Companies, in accordance with Board Orders, filed an application to finalize 1997 rates (the "Final Rates Application"), requesting further rate riders and orders to address ongoing uncertainties related to the Faro mine operations.
- E. Board Order 1997-13 denied the finalization of 1997 rates, the interim refundable Rider of 3% to non-Anvil customers and the interim refundable rider of \$118,000 per month to Anvil pending a public hearing to be determined by a later Board Order.
- F. As of January 31, 1998, Anvil shut down its mining and milling operations at the Faro mine and is no longer a Rate Schedule 39 customer of YEC.
- G. On April 22, 1998, YEC filed an Application (the "Revised Application") that amends the earlier Application and requests that a 16.33% rate rider be made interim and refundable, effective for all billings on or after June 1, 1998. YEC further requests that interim refundable contributions be approved from the Diesel Contingency Fund ("DCF") to non-governmental residential and commercial customers, effective June 1, 1998 as required to reduce the interim refundable rider impact for these customers to equal 8.17%.
- H. In order to keep the rate increase below 20%, YEC is requesting recovery of its 1997, 1998 and 1999 revenue shortfalls through rate riders and amortizations over periods up to five years, and is proposing to help stabilize rates by establishing a Rate Adjustment and Stabilization Fund.
- I. The Board has previously denied the use of the DCF for rate stabilization and has not been persuaded to change the intended use of the DCF without a public hearing.
- J. YEC has twice been given the opportunity to recover a fair return on equity in 1997 and the Board is not prepared to grant an interim refundable rate increase without a public hearing.
- K. The Revised Application is based on the 1997 revenues and costs for YEC and YECL that were adopted in the 1996/97 General Rate Application Settlement Package approved in Board Order 1996-8. The Board agrees that this approach is

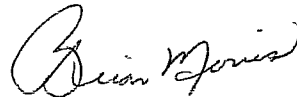
reasonable for the finalization of 1997 rates and the determination of an appropriate interim rate for 1998 and that such a limited scope review will facilitate an early public hearing date.

THE BOARD THEREFORE orders as follows:

1. The request for interim refundable rate riders in the Revised Application is denied pending a public hearing on the Applications.
2. YEC will arrange for publication in display-ad format, not later than May 27, 1998, of a Notice of Public Hearing, as per attached copy in such news publications in the service area of the Companies so as to provide adequate notice to the public.
3. YEC will provide the Revised Application and supporting material to YECL and both Companies are to make copies of these, the December 16, 1997 Final Rates Application and Exhibits from the May 12, 1997 Public Hearing available for inspection at their head and district offices.

Dated at the City of Whitehorse, in the Yukon Territory, this 12 day of May, 1998.

BY ORDER

A handwritten signature in cursive script, appearing to read "Brian Morris".

Brian Morris
Chair

YUKON UTILITIES BOARD

NOTICE OF PUBLIC HEARING

Time:	9:00 a.m.
Date:	July 8, 1998
Location:	To Be Announced Whitehorse, Yukon

THE APPLICATIONS

On December 16, 1997, Yukon Energy Corporation ("YEC") and Yukon Electrical Company Limited ("YECL") (the "Companies"), in accordance with Board Orders, filed an application to finalize 1997 rates (the "Final Rates Application")

On April 22, 1998, YEC filed a Revised Application (the "Revised Application") requesting Board orders to finalize 1997 rates pursuant to Board Order 1997-6 and other matters in the Companies' December 16, 1997 Final Rates Applications.

The Revised Application also asks for orders relating to the 1998 Faro Mine closure and requests that a 16.33% rate rider be made interim refundable, effective for all billings on or after June 1, 1998. YEC further requests that interim refundable contributions be approved from the Diesel Contingency Fund ("DCF") to non-governmental residential and commercial customers, effective June 1, 1998 as required to reduce the interim refundable rider impact for these customers to equal 8.17%.

Other matters in the Revised Application include an order establishing a Rate Adjustment and Stabilization Fund, a request that Rate Schedule 34 - New Firm Shutdown Power Rate For Faro Mine, approved on an interim basis by Board Order 1998-2, now be made final and that certain amendments be approved with respect to Rate Schedule 42 applicable during 1996 and 1997.

THE PUBLIC HEARING

The Revised Application by YEC and the December 16, 1997 Final Rates Application by YECL will be heard commencing at 9:00 a.m. local time, Wednesday, July 8, 1998, at a location to be announced, in Whitehorse, Yukon.

The Board members to review the Applications will be the following:

Mr. Brian Morris, Chair
Mr. Gordon Duncan, Vice-Chair
Ms. Georgina Leslie, Member

PUBLIC INSPECTION OF THE APPLICATIONS

The Applications and supporting material are available for inspection at the following locations:

Yukon Energy Corporation

Head Office Rm. 107, 419 Range Road,
Whitehorse, Yukon

District Offices Dawson City, Yukon
Faro, Yukon
Haines Junction, Yukon
Mayo, Yukon

Yukon Electrical Company Limited

Head Office First and Elliot Street,
Whitehorse, Yukon

District Offices Beaver Creek, Yukon
Watson Lake, Yukon

A copy of the Applications and supporting material are also available at the office of the Yukon Utilities Board, 19-1114 First Avenue, Whitehorse, Yukon.

INTERVENTIONS

Any person or organization wishing to produce and test evidence with respect to the Applications may request intervenor status by making written application to the Board and providing a copy to the applicants not later than June 1, 1998. The written request should include a brief statement as to the nature of the intervention and should indicate whether or not there is an intention to appear at the hearing.

INFORMATION REQUESTS

Information requests submitted to the Applicants by June 5, 1998 will be responded to by June 19, 1998. Information requests made after June 5, 1998 will be responded to on a best-efforts basis.

SUBMISSIONS BY INTERVENORS

Written evidence from Intervenors is required to be filed with the Board and the Applicants, by June 26, 1998.

PRESENTATIONS FROM THE GENERAL PUBLIC

Oral presentations to the Board with respect to the Applications will be accepted from the general public beginning at 4:00 p.m. on Wednesday, July 8, 1998.

CLARIFICATION

Persons intending to participate in the public hearing, and who are uncertain as to the manner in which to proceed, may contact Mr. J. Slater, Board Secretary, by telephone at 667 5058, or in writing at P.O. Box 6070, 19-1114 First Avenue, Whitehorse, Yukon, Y1A 5L7 or by fax at 667 5059.

YUKON UTILITIES BOARD

P.O. Box 6070, 19 - 1114 First Avenue,

Whitehorse, Yukon Y1A 5L7

Telephone (867) 667-5058, Fax (867) 667-5059

Our file no.: 2200

Your file no.:

May 22, 1998

By fax and mail

R. McWilliam
Yukon Energy Corporation
P.O. Box 5920
Whitehorse, Yukon
Y1A 5L7

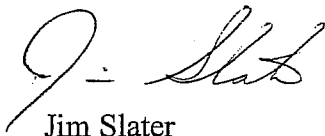
J. Carroll
Yukon Electrical Company Limited
P.O. Box 4190
Whitehorse, Yukon
Y1A 3T4

Dear Sir:

Re: Applications for Final 1997 Rates and Interim 1998 Rates

I enclose a copy of Board Order #1998-3 with respect to the publication of a Notice of Public Hearing into the above captioned application.

Yours truly,



Jim Slater

Attachment

cc	L. Bagnell	AYC	668 7574
	G. Everitt	Dawson (867)	993 7434
	B. Byers	Energy Comm.	667 8424
	J. McLaughlin	Faro (867)	994 3154
	O. Payne	Mayo (867)	996 2907
	R. Clarkson	NEE	668 3978
	R. Veale	RRDDC	668 3710
	R. Rondeau	UCG	633 5210
	B. Newell	Whse	668 8639
	P. McMann	YTG, Ec. Dev	667 8601
	P. Percival		667 2647