

2005-10

**IN THE MATTER OF the Public Utilities Act
Revised Statutes of Yukon, 2002, c. 186, as amended**

and

**An Application by Yukon Energy Corporation
for Approval of 2005 Revenue Requirements**

and

**An Application by Yukon Energy Corporation for
Approval of Secondary Energy Rates Effective July 1, 2005**

BEFORE: B. Morris, Chair) June 3, 2005
 W. Shanks)
 R. Hancock)
 M. Phillips)

BOARD ORDER 2005-10

WHEREAS:

- A. On December 13, 2004, Yukon Energy Corporation ("YEC", "the Company") filed with the Yukon Utilities Board ("the Board"), pursuant to the *Public Utilities Act* ("the Act"), and *Order-In-Council 1995/90*, an Application requesting an Order granting new rates for Secondary (interruptible) Energy and the Faro Mine site, on an interim refundable basis, effective with consumption January 1, 2005 ("the Application"); and
- B. Among other requested approvals, the Application proposes for Secondary (interruptible) Energy Customers, a new quarterly rate-setting mechanism to maintain the retail rate at 70 percent of the customers' avoided cost of fuel oil. This will result in a retail rate of 5.5 cents per kW.h. as of January 1, 2005; and
- C. By Order 2004-1, the Board approved an interim refundable increase in rates to Secondary (interruptible) Energy customers and to the Faro mine site as requested in the Application. Board Order 2004-1 further scheduled a Workshop into the Application for January 13, 2005 and a Pre-hearing Conference for January 14, 2005; and
- D. By Order 2005-2, the Board scheduled an oral public hearing into the YEC Application for April 18, 2005 in Whitehorse, Yukon and issued a regulatory timetable and a final issues list; and

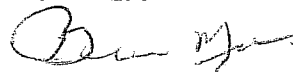
- E. By letter dated February 23, 2005, YEC advised the Board, registered intervenors and interested parties of a reduction in the Secondary Energy retail rate to 5.2 cents per kW.h. and the Secondary Energy wholesale rate to 4.1 cents per kW.h. effective April 1, 2005, in accordance with the proposed quarterly rate- setting mechanism; and
- F. By letter dated February 28, 2005, the Board informed YEC and the registered intervenors that while Board Order 2004-1 approved the January 1, 2005, Secondary Energy rates on an interim basis, it did not deal with the quarterly rate changes and the corresponding approval process which remain as issues in the current proceeding. The Board considered YEC's February 23, 2005, letter to be an application for an interim change in Secondary Energy rates effective April 1, 2005; and
- G. On March 25, 2005 the Board issued Board Order 2005-6 approving the requested decrease to the Secondary Energy rates on an interim basis effective April 1, 2005; and
- H. By Application dated May 26, 2005, YEC has requested approval to amend the interim Secondary Energy rates (Rate Schedules 32 and 42), in accordance with the proposed quarterly rate setting mechanism effective July 1, 2005. In support of the requested increase, YEC has provided the Yukon Territorial Government – Bureau of Statistics bi-weekly price for Furnace Oil for the 3 most recent reporting periods, which results in an Oil Price Index for July 1, 2005 of 78.4 cents/litre, an increase of 6.8 cents/litre from the April 1st price. The increase in the Oil Price Index results in a Secondary Energy price of 5.7 cents/kW.h at the retail level, and 4.6 cents/kW.h at the wholesale level; and
- I. The Board has reviewed YEC's application for an interim change in Secondary Energy rates.

NOW THEREFORE the Board orders as follows that:

1. The YEC application to increase the Secondary Energy retail rate to 5.7 cents per kW.h, and the Secondary Energy wholesale rate to 4.6 cents per kW.h, is approved on an interim basis effective July 1, 2005.
2. The interim Secondary Energy rates are refundable with interest at the average prime rate of YEC's principal bank as determined by the Board Order that establishes permanent rates for YEC.
3. YEC is to inform its Secondary Energy retail and wholesale customers about the approved rate changes by a customer notice.

DATED at the City of Whitehorse, in the Yukon Territory, this 3rd day of June 2005.

BY ORDER



Brian Morris
Chair