

2000-3

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

And

A Yukon Energy Corporation Request for Direction
on Accounting for Fire Insurance Recovery

Before: B. Morris, Chair)
G. Leslie, Member)
Carol Metz Murray, Member)
D. Schmekel, Member)
W. Shanks, Member) July 4, 2000

ORDER 2000-3

WHEREAS:

- A. The October 30, 1997 fire at the Whitehorse Rapids Generating Station resulted in the destruction of the Yukon Energy Corporation ("YEC") electrical system assets and a related property loss insurance claim; and
- B. Yukon Energy Corporation is able to reasonably estimate the property loss fire insurance impacts and needs to finalize its 1999 year-end accounting; and
- C. The replacement of the destroyed assets with equivalent new assets has resulted in a positive variance between the property loss insurance receivable and the net book value of the destroyed assets; and
- D. The Auditor General has advised Yukon Energy Corporation that, in the absence of any direction from the Yukon Utilities Board, Generally Accepted Accounting Principles ("GAAP") would require YEC to record the fire insurance gains as income for YEC in 1999; and
- E. The effect of this treatment would be to cause the gain to accrue to YEC's shareholder and the higher depreciation on the purchase price of the replacement assets would result in an increased revenue requirement from ratepayers; and
- F. YEC has requested approval to vary from GAAP to ensure the gain is assigned to the benefit of ratepayers instead; and
- G. The Board has reviewed the request and agrees that the requested treatment would minimize the impact of the fire on ratepayers, in a manner similar to contributions in aid of construction.

NOW THEREFORE the Board orders that:

YEC is directed to defer the fire insurance gain and amortize it over the life of the new assets, so as to offset the increased depreciation charges on the new assets.

Dated at the City of Whitehorse, in the Yukon Territory, this 4th day of July, 2000.

BY ORDER


Brian Morris, Chair