

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

**and**

**An Application by Yukon Energy Corporation (YEC)**  
**for approval of the Power Purchase Agreement (PPA) between YEC and**  
**Victoria Gold Corp. and StrataGold Corporation**

**BEFORE:**            R. Laking, Chair            )            March 6, 2018  
                          A. Fortin                    )  
                          P. Fitzgerald              )

**BOARD ORDER 2018-04**

**WHEREAS:**

- A.    On November 10, 2017, Yukon Energy Corporation (YEC, or the Company) filed an application with the Yukon Utilities Board ( Board) seeking an Order for required approvals related to the implementation of the Purchase Power Agreement (PPA) concluded between YEC and Victoria Gold Corp. (VGC) and StrataGold Corp. (StrataGold) (VGC and StrataGold collectively known as VGC Group);
- B.    YEC is seeking approval for the VGC Group PPA by February 28, 2018 of the following provisions:
- Actual YEC capital costs for negotiation and conclusion of the PPA Agreement, estimated at \$200,000;
  - Actual YEC capital costs for the initial system improvements, currently estimated at \$1,667,883;
  - Actual YEC owner’s costs for the McQuesten Substation, currently estimated at \$483,240;
  - Actual YEC costs reasonably required to design, engineering, procurement, construction and commissioning of the step-down transformer at the McQuesten substation, if required;
  - Fixed charge provisions as set out in Section 7.7 of the PPA including the initial Transmission Facilities Fixed Cost of \$118,621 per year, as documented in Attachment B to this Application, for use in determining the Fixed Charge under Section 7.7, and provisions to amend the Transmission Facilities Fixed Cost after the Transmission Facilities Development Operation Date based on YEC’s adjusted annual costs as approved by the Board for depreciation and return on rate base related to the Transmission Facilities (which includes the Transmission Facilities Development) plus the SVC/Statcom

and YEC's McQuesten Substation Costs (\$930,563 as per section 6.1(d) and Schedule B of the PPA); and

- Any related amendments to the Rate Schedule 39 Firm Mine Rate as required to conform with Attachment A to this application and to accommodate the PPA;

C. With Ministerial approval, the Board set up a written process which followed the following schedule:

Action	Date
Information Requests to YEC	November 28, 2017
Information Responses from YEC	December 11, 2017
Argument	December 22, 2017
Reply	January 5, 2018

D. The Utilities Consumers' Group and John Maissan participated as interveners in this proceeding. Information requests were sent to YEC by November 28, 2017. Information responses were received from YEC by December 11, 2017. Argument and reply argument occurred on December 22, 2017 and January 5, 2018 respectively; and

E. The Board has considered the Application, the information responses, and the written argument and reply argument of the parties in this proceeding.

**NOW THEREFORE**, based on the reasons set out in Appendix A attached to this Order, the Board accepts the PPA as proposed by YEC, and approves the following provisions of the PPA:

- Actual YEC capital costs for negotiation and conclusion of the PPA Agreement, estimated at \$200,000;
- Actual YEC capital costs for the initial system improvements, currently estimated at \$1,667,883;
- Actual YEC owner's costs for the McQuesten Substation, currently estimated at \$483,240;
- Actual YEC costs reasonably required to design, engineering, procurement, construction and commissioning of the step down transformer at the McQuesten Substation if required;
- Fixed charge provisions as set out in Section 7.7 of the PPA including the initial Transmission Facilities Fixed Cost of \$118,621 per year, as documented in Attachment B to this Application, for use in determining the Fixed Charge under Section 7.7, and provisions to amend the Transmission Facilities Fixed Cost after the Transmission Facilities Development Operation Date based on YEC's adjusted annual costs as approved by the Board for depreciation and return on

rate base related to the Transmission Facilities (which includes the Transmission Facilities Development) plus the SVC/Statcom and YEC's McQuesten Substation Costs (\$930,563 as per section 6.1(d) and Schedule B of the PPA); and

- The related amendments to the Rate Schedule 39 Firm Mine Rate required to conform with Attachment A to the Application and to accommodate the PPA .

**DATED** at the City of Whitehorse, Yukon, the 6<sup>th</sup> day of March 2018.

BY ORDER

A handwritten signature in black ink, appearing to read 'R. Laking', written over a light grey circular stamp.

Robert Laking  
Chair