

YUKON UTILITIES BOARD		
EXHIBIT <i>B16</i>		
DAY	ENTERED BY	DATE
		<i>Oct. 6 10</i>

Undertaking #2 – Impact on COS of Exhibit B9 (Transcript pg 57 line 14)

Item 1(a) – Industrial Distribution Costs

Reduction in distribution brushing costs - \$10k	\$10k
Reduction in distribution insurance costs - \$7k	\$7k
Reduction in distribution O&M costs - \$54k	\$54k
Less allocation of distribution “revenue offsets” – \$7k	<u>-\$7k</u>
Net direct effect on industrial COS - \$64k reduction	\$64k
Estimated Effect on indirect allocation of Administrative and General Expenses	<u>\$15k</u>
Total estimated effect on industrial class cost allocation	\$79k

As a proportion of total Industrial allocated costs of \$2,946k (per Tab 3, page 3.1A-32), this is a reduction of approximately 3%. The R//C ratio for Industrial is increased from 108.7% as filed to 111.7% before consideration of the COS correction for Mayo classification (per LE-7(a)).

The net effect on other customer classes is expected to be less than 0.2% (\$79k/\$48M of approximate total costs allocated to non-industrial classes)

Item 1(b) – General Service Load Characteristics

Proposal is to accept GS Load Characteristics as filed in Application for this study – therefore no net effect on COS conclusions¹.

¹ The estimated effect of utilizing the 1997 GS load factor ratios instead of the updated values is 3% on the non government GS class, as per YUB-8.

