

YUKON ENERGY CORPORATION
UTILITY INCOME AND RATE OF RETURN
For The Year Ended December 31
(\$000s)

	2016
Utility Revenue	
Utility Electric Sales	42,413
Other Revenue	273
Total	42,686
Utility Expense	
Labour	11,739
Non-Labour	
Operations and Maintenance	4,143
Administration	2,639
Insurance	1,037
Donations	95
Fuel	2,114
Purchased Power	45
Total Operating and Maintenance Costs	21,812
Depreciation & Amortization	
Fixed Asset Depreciation	10,615
Amortization of Deferred Costs (incl. RFID)	1,807
Amortization of Contribution for Extensions	(4,102)
Amortization of Fire Insurance Gain	(262)
Other Taxes	686
Total Expenses	30,556
Less: Donations	95
Disallowed Depreciation	16
Total	30,445
Utility (Regulatory) Income	12,242
Net Rate Base	258,060
Rate Of Return on Capital	4.74%
<i>Rate of Return on Equity</i>	8.69%
<i>Cost of Debt</i>	2.10%

YUKON ENERGY CORPORATION
COMPUTATION OF NET RATE BASE
For The Year Ended December 31
(\$000s)

	2016
Property, Plant and Equipment	589,387
Less: Work in progress (includes deferred cost WIP)	43,195
Accumulated Depreciation	140,344
Reserve for Future Removal and Site Restoration	4,359
Deferred Fire Gain	5,228
Customer Contributions (excluding for WIP)	172,604
Subtotal	223,657
Add: Deferred Study, Relicensing & Regulatory Costs	27,212
Accumulated Disallowed Depreciation	167
Less: Disallowed Assets	691
Reserve for Injuries and Damages	(1,059)
Net balance at year end	251,405
Mid-year balance	251,072
Add: Allowance for Working Capital	4,927
Mid-Year Rate Case Expense	2,061
Net Rate Base	258,060

YUKON ENERGY CORPORATION
WORKING CAPITAL CALCULATION
For The Year Ended December 31
(\$000s)

	2016
Working Capital	
Operation and Maintenance	21,812
Add: Other Taxes	686
Less: Donations and Disallowed expenses	112
Allowable Operating Expense	22,386
Allowance: Operating Expense (27/365 * Allowable Operating Expense)	1,656
Three Year Average Inventory	3,426
GST Impact	(155)
Total Working Capital	4,927

YUKON ENERGY CORPORATION
RECONCILIATION OF UTILITY INCOME TO NET EARNINGS
For The Year Ended December 31
(\$000s)

	2016
Utility Income	12,242
Add Non Utility Income:	
Allowance for Funds Used During Construction	819
Other Income	-
Sub-Total	13,061
Less Non Utility Expenses:	
Long Term Interest	3,500
Other Interest	(133)
Capital Lease Interest	-
Donations	95
Disallowed Expenses	1,527
Disallowed Depreciation	16
Net Earnings	8,055

YUKON ENERGY CORPORATION
SUMMARY OF CAPITAL ASSETS
For The Year Ended December 31
(\$000s)

	2016
Capital Assets	
Land	1,672
Hydro, LNG, Wind and Diesel Plants	338,332
Transmission	182,341
Distribution	16,734
Buildings, Office and General Equipment	26,655
Transportation	5,034
Construction Work-in-Progress	18,452
Cost	589,220
Less: Accumulated Depreciation	140,344
Net Book Value	448,876
Less: Net Contribution for Extensions	172,604
Net Capital Assets	276,272

YUKON ENERGY CORPORATION
COST OF CAPITAL CALCULATION
For The Year Ended December 31
(%)

2016	Capital Ratio	Cost	Return Component
Mid-year Long Term Debt	59.8	2.10	1.255
Mid-year Common Equity	40.2	8.69	3.488
	100.0		4.74