



John F. Maissan – President

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Yukon Utilities Board
Box 31728
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YUKON UTILITIES BOARD		
EXHIBIT		C6-2
DAY	ENTERED BY	DATE
	J. Maissan	June 19/08

Attn: Ms. Wendy Shanks
YUB Chair

Re: YECL's request for interim refundable rate riders: Rider R and Rider G

Dear Ms. Shanks:

In its 2008-2009 General Rate Application YECL asks for two interim refundable rate riders to take effect July 1, 2008. The first is Rider R, at 5.924%, to recover from customers an amount equal to YECL's request for increased revenues on an ongoing basis. The second is Rider G, at 2.987% effective to the end of the test period, to retroactively recover the requested increased revenues for the period January 1, 2008 to June 30, 2008 when no Rider was in place to recover the requested increased revenue.

Without prejudging what the Board's findings might be as a result of the full hearing process, it is my view that YECL is asking for increases in revenues that are greater than will be found justifiable given YECL's financial and technical performance over recent years. However, it has been about 10 years since YECL was before the Board with a GRA (their choice, not that they were prevented) and I do feel that some increase in revenue will be found to be justifiable and appropriate. On this basis I would be comfortable with an interim refundable rider that would approximate inflation over the test years, or about 5%.

During recent Yukon Energy (YEC) proceedings before the Board, we were informed that YEC is predicting a decrease in rates as a result of electric power service to the Sherwood Copper mine at Minto. Service is scheduled to commence this fall when power line construction is complete, approximately half way through the YECL 2008-2009 test years. We can speculate that the reason YEC's position at the pre-hearing conference was that no interim refundable riders should be put into place at this time is the anticipated decrease in rates. However, I am not sure that anyone, including YEC, can accurately predict at this time what the rate reductions will be. We do not know

whether they will be larger or smaller than the increased revenue that the Board will ultimately consider appropriate for YECL.

There are two other matters that I believe merit consideration by the Board. First is that if increased revenues are required from customers I consider it more desirable to begin collection as soon as possible. Surcharges of a temporary nature create feelings of rate instability, of rates continually going up and down. For this reason deferring a rate rider to collect justified revenues have the potential to create a larger temporary rider later.

The second is that power bills are already a long collection of charges and rebates, and the fewer there are the more likely the public will take the time to read and understand their power bills. Consolidation of these charges and rebates to the extent possible is desirable.

Taking into account the likelihood of some justifiable increase in revenue requirements for YECL, some decrease in rates as a result of new YEC revenues from power service to the Sherwood Copper mine at Minto later this year, the desirability for non-fluctuating rates, and the desire for simpler bills, my recommendations to the Board for consideration are as follows:

1. That the Board allow a single interim refundable rider of 5% starting July 1, 2008;
2. That if the Board cannot vary the amount of the requested riders but only approve or deny them, then I recommend acceptance of the amount of the proposed Rider R (5.924%) starting July 1, 2008, and rejection of the proposed Rider G (2.987%); and
3. That in the event that the Board approves either or both of the proposed riders that they be amalgamated with the present Revenue Shortfall Rider J (now at 14.93%). Although it is labelled "YEC Revenue Shortfall Rider" on power bills, it can simply be renamed "Revenue Shortfall Rider" and the proceeds split appropriately between the two utilities.

Yours truly,



John Maissan

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