



**YUKON ENERGY
CORPORATION**
P.O. Box 5920
WHITEHORSE
YUKON Y1A 6S7
(867) 393-5300

April 5, 2018

Mr. Robert Laking, Chair
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Dear Mr. Laking:

Re: Response to Board Order 2018-04

Order 2018-04 of the Yukon Utilities Board (“YUB” or “Board”) directed Yukon Energy Corporation (“Yukon Energy” or “YEC”) within 30 days of the issuance of Order 2018-04 to file with the Board, for acknowledgement purposes, a clean revised Rate Schedule 39 that reflects the directions of the Board for both the VGC Group and Alexco PPAs.¹

Attached per the Board’s direction is a clean version of Rate Schedule 39 that reflects the directions of the Board for both the VGC Group and Alexco PPAs.

The attached revised version of Rate Schedule 39 reflects the following:

- Edit of the “Available” section as needed to reflect today’s Yukon Integrated Grid – this amendment has no impact on any rate amounts.
- Wording to provide the new Fixed Charge applicable to the VGC Group, including the charge now applicable (as updated in the VGC Group PPA) for the existing facilities.
- Revised wording for Fixed Charge to be applied to Alexco mine, to provide for consistency with updates per the VGC Group PPA.

The Fixed Charge for Alexco and VGC Group will be subject to amendment from time to time pursuant to Section 7.7 of the VGC Group PPA. Yukon Energy will seek YUB approvals as required for changes to Fixed Charge amounts related to the VGC Group Share [as required to be determined when VGC Group mine and Alexco mine are both connected to the grid] or to the Transmission Facilities Fixed Cost.

¹ See Order 2018-04, Appendix A para 56.

If you have any questions regarding the above please call.

Yours truly,

A handwritten signature in black ink, appearing to read "Ed Mollard". The signature is written in a cursive style with a prominent initial "E".

Ed Mollard
Chief Financial Officer

RATE SCHEDULE 39

INDUSTRIAL PRIMARY

AVAILABLE: Throughout the service areas of Yukon Energy Corporation (“**YEC**”) and The Yukon Electrical Company Limited (“**YECL**”) served by the Yukon Integrated Grid.

APPLICABLE: To all major industrial customers engaged in manufacturing, processing or mining with an electric service capacity in excess of 1,000 kW.

RATE: Charges in any one billing month will be the sum of the following:

- (a) Demand Charge of \$15.94/kVA of Billing Demand
- (b) Energy Charge of 8.08¢/kWh for all energy used.
- (c) Fixed Charge

For service to Minto mine site, the Fixed Charge each month shall equal the payments required under the amended Power Purchase Agreement (the “**Minto PPA**”) dated May 14, 2007 between YEC and Minto Explorations Ltd. (“**Minto**”) for monthly Capital Cost Contributions for transmission connection to the mine.

For service to Alexco mine and mill sites, the Fixed Charge each month will equal \$8,402, until such time as this amount is amended by the YUB based on the VGC Group PPA or based on the Power Purchase Agreement (the “**Alexco PPA**”) dated September 1, 2010 between YEC and Alexco Resource Corp. (“**Alexco**”).

For service to VGC Group mine site, the Fixed Charge each month will equal \$8,402 as required under the Power Purchase Agreement (the “**VGC Group PPA**”) dated November 9, 2017 between YEC, Victoria Gold Corp., and StrataGold Corporation (“Victoria Gold Corp. and StrataGold Corporation are collectively, the “**VGC Group**”) for transmission connection to the mine site, subject to amendment from time to time as provided for in Section 7.7 of the VGC Group PPA.

**PEAK
SHAVING
CREDIT:**

For customers with an established Winter Contract Load in good standing, a Peak Shaving Credit in each billing month equal to 50% of the Demand Charge times the Peak Shaved Load.

**MINIMUM
MONTHLY
BILL:**

The minimum monthly bill will be the sum of the Demand Charge and the monthly Fixed Charge, less any applicable Peak Shaving Credit.

**PEAK
SHAVED
LOAD:**

Peak Shaved Load in any billing month is the amount by which then nominated Winter Contract Load is less than the Billing Demand for the month.

**BILLING
DEMAND:**

The Billing Demand will be the greater of:

- (a) the highest metered kVA demand recorded in the current billing month; or
- (b) the highest metered kVA demand recorded in the previous 12-month period including the current billing month, excluding the months April through September; or
- (c) the contract minimum demand.

**WINTER
CONTRACT
LOAD:**

A customer may, by six month written notice to YEC, nominate a Winter Contract Load at not less than two-thirds of the customer's contract maximum demand subject to the following conditions:

- (a) The customer will thereby contract with YEC not to exceed the nominated Winter Contract Load whenever the temperature at Whitehorse is below -30 degrees Centigrade, based on YEC informing the customer by phone, fax or e-mail as to forecast and actual winter temperatures at Whitehorse as provided for in paragraph (b);
- (b) YEC will inform the customer at least one hour in advance, and not more than one day in advance, of a forecast temperature at Whitehorse being below -30 degree Centigrade; thereafter, until YEC informs the customer otherwise, the customer will be responsible for ensuring that its metered kVA demand does not exceed the Winter Contract Load during any hour when the actual temperature at Whitehorse is below -30 degrees Centigrade; YEC

will inform the customer forthwith when the temperature at Whitehorse is no longer forecast to be below -30 degree Centigrade within the next 24 hours;

- (c) The customer agrees that the contract for the nominated Winter Contract Load will continue until terminated by written notice of not less than 12 months by the customer to YEC;
- (d) If during such contract period for the Winter Contract Load the customer's metered kVA demand recorded, after YEC has provided notice as specified in paragraph (b) above, exceeds the Winter Contract Load when the temperature at Whitehorse is less than -30 degrees Centigrade, the Winter Contract Load contract will be terminated forthwith, the customer will forthwith be required to repay to YEC all Peak Shaving Credits determined within the previous 12 billing months, and the customer will also pay for that billing month to YEC as penalty an amount equal to four times the Demand Charge on the metered kVA demand recorded in excess of the Winter Contract Demand; in addition, YEC reserves the right if so required to meet system loads when the temperature at Whitehorse is less than - 30 degrees Centigrade during the then current month and the following 12 months to interrupt electricity supplied to the customer in excess of the previous Winter Contract Load.

**BASE
LOAD
ENERGY:**

A Base Load Energy amount per month may be established for a customer at 90% of forecast use when YEC expects to require diesel fuel generation to service use in excess of such a Base Load Energy amount. At such time, Rate Schedule 39 will be submitted to the Yukon Utilities Board for amendment to adjust the Energy rate as required for a two part rate that yields the same overall energy charge at forecast energy use, with all energy consumed in excess of the Base Load being charged at a rate reflecting the incremental cost of service using diesel fuel generation and all other energy being charged at the reduced rate required to yield the same overall energy charge at forecast energy use.

**RATE
MODIFICATIONS
APPLICABLE:**

For fuel adjustment rider, see Rider F. Rider F applied to energy charges only, set to \$0.0 for fuel price forecast filed November 20, 2006 and changed as follows:

- a) Fixed Rider F of 0.211 cents per kWh charged only to Rate Schedule 39 customers to account for fuel price variance from price forecast filed November 20, 2006 to fuel price forecasts for 2009 as approved by the Board in Order 2009- 08 and Order 2009-10 for Yukon Energy; plus

- b) Ongoing Rider F per kWh as required to ensure consistency, after consideration of the Fixed Rider F as provided for in (a) herein, with the Rider F applied to all applicable rate schedules to account for fuel price variance from price forecasts as last approved by the Board for Yukon Energy and Yukon Electrical GRAs.

**TERMS AND
CONDITIONS OF
SERVICE :**

The Company's Terms and Conditions of Service approved by the Yukon Utilities Board form part of this rate schedule and apply to the Company and every customer supplied with electric service by the Company in the Yukon and British Columbia. Copies of the Terms and Conditions of Service are available for inspection in the offices of the Company during normal working hours.