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

and

Requested Approvals from Yukon Energy Corporation (YEC) for Final Rate Schedule 39 and Application of Rate Rider J and Rate Rider F to Rate Schedule 35

BEFORE:	W. Shanks, Chair	) September 26, 2008
	R. Laking, Vice-Chair	)
	R. Hancock	)
	K. Avery	)

BOARD ORDER 2008-13

WHEREAS:

A. On August 25, 2008, YEC filed with the Yukon Utilities Board ("the Board") consistent with OIC 2007/94 and Board Order 2007-6 a request for an Order approving as final Rate Schedule 39 (see attachment) and a further Order confirming that Riders J and R[1] do not apply to Rate Schedule 35.

B. The Board reviewed the request from YEC and determined that a written process be followed.

C. YEC responded to information requests on September 19, 2008.

D. No comments were received from interested parties by September 23, 2008.

E. The Board has considered the application by YEC and YEC's responses to the information requests which were received by the Board on September 19, 2008. The Board notes that no concerns were raised by any interested party and is satisfied with the responses from YEC. The Board is of the view that all matters with respect to Rate Schedule 35 remain outstanding.

[1] Page 1 of the August 25, 2008 letter from YEC referenced Riders J and F, while page 3 of that letter references Riders J and R. The response to YUB-YEC-3(a) confirmed that the reference was intended to be Riders J and R.

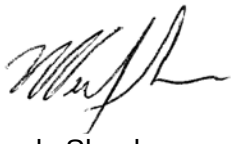
NOW THEREFORE the Board orders as follows with Reasons attached as Appendix A:

1. Rate Schedule 39 as attached[2] is approved on a final basis.

2. YEC is to apply to the Board for approval of Rate Schedule 35 and any related matters at such time as when all outstanding directions with respect to Rate Schedule 35 have been fulfilled and when YEC is in a position to implement Rate Schedule 35.

DATED at the City of Whitehorse, in the Yukon Territory, this 26th day of September 2008.

BY ORDER



Wendy Shanks
Chair

[2] The rate schedule attached is the same as Schedule A for OIC 2007/94 with the exception that the two paragraphs pertaining to Escalation of demand and energy charges and Adjustment of fixed charge have been excluded.

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Reasons for Decision

1.0 Rate Schedule 39

The Board finds that the Rate Schedule 39 as presented by YEC (Proposed Schedule) is similar to Schedule A of OIC 2007/94. Differences noted in the Proposed Schedule relate to a May 25, 2007, amendment to the PPA, and the exclusion of the Escalation of demand and energy charges and Adjustment of fixed charge paragraphs in the Proposed Schedule.

May 25, 2007 Amendment to the Purchase Power Agreement (PPA)

In response to YUB-YEC-1(b), YEC stated that the amendment specifically relates to the risks taken on by the Yukon Development Corporation (YDC) and does not change any of the costs or risks to YEC or its customers than those recognized in the May 14, 2007 amended PPA. The background to the response to YUB-YEC-1(b) explains the manner in which some of the risks to YDC are covered. The Board is satisfied with this response. YEC further responded to part (c) of that IR that it referenced the May 25, 2008 amendment in its Proposed Schedule for completeness. YEC is of the view that the Proposed Rate Schedule conforms to the PPA as amended May 14, 2007, OIC 2007/94 and Order 2007-6. Approval for the May 25, 2008 amendment was requested, if the Board viewed that such approval was required. YEC also offered to remove the reference to the May 25, 2008, amendment from the Proposed Schedule.

Exclusion of the Escalation of demand and energy charges paragraph and the Adjustment of fixed charge paragraph

The response to YUB-YEC-2(b) stated:

> Yukon Energy is of the view that the referenced sections entitled “Escalation of demand and energy charges” and “Adjustment of fixed charge” that are part of the attached Schedule A of OIC 2007/94 do not need to be part of Rate Schedule 39 as approved by the Board to implement OIC 2007/94.

The OIC provides direction to the Board to ensure that adjustments are made to demand and energy charges and fixed rates in Rate Schedule 39 going forward. Under YEC's current application, the Board is required to review and approve all such changes. Accordingly, the direction to undertake such changes does not need to be included specifically in the rate proposed in the current application.

2.0 Findings of the Board

The Board notes that the amendments of May 25, 2007, as agreed to by all parties to the PPA, were included to cover some of the risks that YDC was exposed to. However, as Schedule A of OIC 2007/94 does not refer to the May 25, 2007, amendment to the PPA and the amendment is not needed for purposes of Rate Schedule 39, the Board does not need to approve the May 25, 2007, amendments to the PPA.

The Board accepts the YEC response to YUB-YEC-2(b) in that OIC 2007/94 provides direction to the Board on future rate escalations and that:

> Yukon Energy will file for approval of the Board in future any further changes to this Rate Schedule 39 as may be required to address escalation of demand and energy charges as provided for in OIC 2007/94, or any changes in Fixed Charges as provided for in OIC 2007/94[3].

Therefore the Board approves as final, Rate Schedule 39 as shown in the attached Attachment A.

3.0 Rate Schedule 35

An Order was requested by YEC confirming that Riders J and R do not apply to Rate Schedule 35. YEC acknowledged in response to YUB-YEC-3(b) that Rate 35 cannot be implemented until the required audit and control measures and reporting requirements are in place and approved by the Board. YEC also acknowledged that no proposals or further information on the matter has been submitted.

4.0 Findings of the Board

The Board is of the view that matters pertaining to Rate Schedule 35 should not be addressed until such time as all outstanding matters with respect to Rate Schedule 35 have been submitted to the Board for approval. At that time, the Board will address Rate schedule 35 and any ancillary matters.

[3] YEC correspondence, August 25, 2008, page 3.

ATTACHMENT A

FIRM MINE RATE
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 Whitehorse-Aishihik-Faro and Mayo-Dawson systems.

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 shall be the sum of the following:

(a) Demand Charge of $15.00/kV.A of Billing Demand

(b) Energy Charge of 7.60¢/kW.h for all energy used.

(c) Fixed Charge

For service to Minto mine site, the Fixed Charge each month shall equal the payments then required under the Power Purchase Agreement (the **"PPA"**) dated February 8, 2007 as amended on May 14 between YEC and Minto Explorations Ltd. (**"Minto"**) for monthly Capital Cost Contributions for transmission connection to the mine.

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 shall be the greater of:

(a) the highest metered kV.A demand recorded in the current billing month; or

(b) the highest metered kV.A 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 kV.A 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 Witner 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 kV.A demand recorded, after YEC has provided notice as specified in paragraph (b), 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 kV.A 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 of 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 MODIFCATIONS APPLICABLE:

For fuel adjustment ride, see Rider F. Rider F applied to energy charges only, set to $0.0 for fuel price forecast filed November 20, 2006.

ELECTRIC SERVICE REGULATIONS:

The Electric Service Regulations approved by the Yukon Utilities Board form part of this rate schedule and apply to YEC and every customer supplied with electric service by YEC in the Yukon Territory. Copies of the Electric Service Regulations are available for inspection in the offices of YEC during normal working hours.