YUKON ENERGY CORPORATION
2012-2013 GENERAL RATE APPLICATION

Utilities Consumers' Group
Information Request No. 1

1) *Reference*: April 27, 2012 Application Cover Letter

Request:

(a) Please provide a full explanation of how an application filed April 27, 2012 requesting approval of a revenue requirement and rates effective January 1, 2012 should not be treated as an application requesting / endorsing rate retroactivity.

(b) Please provide examples of decisions by regulators in other jurisdictions which allow utilities to fully recover a test year revenue requirement despite applying for that recovery during the test year.

(c) Please confirm that the following decisions by the Ontario Energy Board deny the applicant utilities from recovering the full test year revenue requirement in a late filing situation similar to what has happened with YEC's current application:

Ontario Energy Board Docket EB-2009-0177
Decision dated January 25, 2010

Ontario Energy Board Docket EB-2008-0246
Decision dated July 10, 2009

Ontario Energy Board Docket EB-2008-0241
Decision dated June 1, 2009

2) *Reference*: April 27, 2012 Application Cover Letter

Request:

(a) Please provide details of all stakeholder consultations conducted by YEC during development of this application prior to submitting it to the YUB.

(b) Please provide documentation related to issues discussed during these consultations and a list of all parties involved.

(c) Please confirm that the Board's of Directors of YEC and YDC approved the General Rate Application as provided to the YUB. Please identify the dates on which these approvals were provided.

3) *Reference*: April 27, 2012 Application Cover Letter, Page 1
YEC states "*This GRA deals primarily with Yukon Energy revenue requirement matters for the 2012 and 2013 test years. It does not address in any material way cost of service and general rate design matters that would require joint work with the Yukon Electrical Company Limited ("YECL"). Rate increases are proposed by Yukon Energy for each test year through implementation of Rider J and Rider R (both applicable to*

retail and industrial customers throughout Yukon) to recover the Revenue Requirements to supply customers in 2012 and 2013."

Reference: Board Order 2010-13, Appendix A – Reasons for Decision
"*29. Therefore, the Board directs the Companies to file a joint COS study within six months of the expiry of OIC 2008/149. The Board further directs the Companies to incorporate all findings and directions of this Decision into the next COS study*."

Request:
(a) Please confirm YEC's understanding that the conditions within OIC 2008/149 have effectively been extended to December 31, 2013 as a result of OIC 2012/068, which was issued the day before YEC submitted its current application.
(b) Please provide details of any discussions or information sharing that YEC was a party to related to the development of OIC 2012/068.
(c) Please provide details on the progress made to date and the expected schedule for completing and filing the joint COS study as directed by the YUB in Board Order 2010-13.
(d) Please confirm YEC's understanding that the applied for riders would be considered rates as defined within the *Public Utilities Act*.
(e) Please explain YEC's proposal to use an across-the-board rider instead of establishing cost-based, rider-free base rates to recover applied-for revenue requirements.
(f) Please explain how and why YEC made the decision to proceed with a Phase 1 GRA with rate components not supported by Phase 2 analysis and the reasons why YEC believed that to be the best approach.
(g) Please confirm whether YEC had discussions with the Yukon government regarding this Phase 1 only approach.
(h) Please explain how the YUB can make any decisions on the applied-for rates until after a joint YEC/YECL Phase II application has been reviewed.

4) *Reference*: April 27, 2012 Application Cover Letter, Page 2
YEC states "*To ensure that YEC has a reasonable ability to recover its prudent costs for 2012 (as may be finally approved by the Board after a full hearing), the Application includes a request to implement overall rate adjustments of 6.4% for retail customers and 2.9% for industrial customers through implementation of Rider J (applicable to retail customers and industrial customers), effective July 1, 2012 on an interim refundable basis. Any required "true up" between the utility and ratepayers for 2012 will be part of the Board's final order setting out rates arising from this Application*".

Request:
(a) Please confirm YEC's understanding of the Board's decision in Order 2012-05 granting 2012 interim refundable rates that the Board only preserved YEC's opportunity to recover the revenues ultimately determined by the Board to be just and reasonable for recovery in 2012 and that this did not necessarily preserve YEC's right to recover the full 2012 revenue requirement determined by the Board.
(b) Please confirm that half ($1.725 million) of the proposed 2012 revenue shortfall will be collected through interim rider J during 2012.

(c) Please explain fully how YEC plans to collect the proposed revenue shortfall going forward into both test years (i.e., will the rider J continue into 2013 and perpetuity or will it be terminated on December 31, 2012 and only the Rider R be implemented for 2013 for 12 months?).

5) *Reference*: May 30, 2012 Summary and Overview Presentation, Slide 6
YEC states that this application represents "*Yukon Energy's first requested increase in firm retail rates since 1998/99 rate review after closure of Faro mine*".

Request:

(a) Please confirm that the February 19, 2010 joint Phase II application by YEC and YECL requested (i) elimination of the general purpose Rate Riders (Riders J and R) from customer bills; and (ii) adjustments to retail base rates to fully reflect approved 2009 costs.
(b) Please confirm that the bills of Yukon ratepayers have continued to change since 1997 due to the reliance by YEC and YECL on across-the-board percentage rate riders (e.g., Riders F, J and R) to recover approved rate revenue requirements and changes to fuel costs beyond what was provided by 1997 base rates.
(c) Please provide calculations of the total bill (including all riders, rate relief, and taxes) for a residential customer living in Whitehorse using 1000 kWh, 1200 kWh and 1400 kWh per month in January 1997, January 1998, January 1999, January 2000, January 2001, January 2002, January 2003, January 2004, January 2005, January 2006, January 2007, January 2008, January 2009, January 2010, January 2011, January 2012, July 2012 and January 2013 assuming that the 2012 and 2013 rate adjustments proposed by YEC are approved. Please provide details of the bill calculations and indicate overall percentage changes in the total bill for each year.

6) *Reference*: YEC 2008/2009 GRA, Page 10
YEC states "*With the completion of the CSTP Stage 1 and connection of the Minto mine, Yukon Energy's Whitehorse-Aishihik-Faro ("WAF") system is reaching a point where the material existing surplus hydro generation is becoming greatly diminished. Although sales of this surplus hydro at firm rates bring clear net benefits, evidenced by the rate reductions proposed in the Application, with ongoing load growth and expressed interest from other future industrial customers, the existing hydro generation is likely to be fully utilized within the next few years, necessitating new renewable supply sources in order to avoid reliance on high cost baseload diesel generation and the resulting GHG emissions issues*".

Request:

Please explain what YEC has done since the 2008/2009 GRA to add new renewable supply sources in order to avoid reliance on high cost baseload diesel generation.

7) *Reference*: May 30, 2012 Summary and Overview Presentation, Slide 9
YEC states "*Yukon non-government residential rates remain lowest of utilities North of 60*".

Request:
For each of the jurisdictions identified on this slide, please provide details of the bill calculations, the revenue-to-cost ratios underpinning the rates used within this comparison, details of the customer base and cost of service upon which these rates were designed, the legislation under which these rates are regulated and copies of the regulatory or political decisions that approved the charging of the rates used in this comparison.

8) *Reference*: May 30, 2012 Summary and Overview Presentation, Slide 10
YEC states "*Note: 8.49% ROE approved in 2009 GRA*".

Request:
Please confirm that YEC was directed by the Board to use an ROE of 8.64% for 2008 and an ROE of 8.49% for 2009 and that the Board has not approved a ROE for any year beyond 2009.

9) *Reference*: April 27, 2012 Application, Part 2, Page 2
YEC states "*In 2008, Yukon Energy filed a General Rate Application that sought a 3.48% rate decrease (later reduced to 2.47% after Order 2009-8 and 2009-10) in firm retail rates for non-industrial customers. This rate decrease was facilitated by the completion of the Carmacks-Stewart Transmission Line – Stage 1 which connected the Minto mine and Pelly Crossing to the Whitehorse-Aishihik-Faro ("WAF") grid and allowed for sale of surplus hydro to Minto mine through a Purchase Power Agreement ("PPA"). Completion of this grid connection provided net benefits to ratepayers through the applied for rate reductions, while securing a long-term legacy asset for the benefit of existing and future ratepayers*".

Reference: Yukon Utilities Board Report on Yukon Energy Corporation 20-Year Resource Plan, January 15, 2007, Page 31
The YUB states "*YEC submitted that the Minto PPA would result in material benefits, over and above the cost of the line, so that ratepayers will not be adversely affected by the expenditures required to implement this project*".

Request:
(a) Please provide quantified details of all the benefits and costs to ratepayers of the Minto connection and explanations of where the net benefits have been incorporated in the Application material.
(b) Please explain how YEC's commitment to "overall rate reductions" has been reflected in overall bill reductions for ratepayers.

10) *Reference*: April 27, 2012 Application, Part 2, Page 3
YEC states "*Ongoing non-industrial growth reflects overall Yukon economic expansion plus other factors such as an apparent increase in reliance on electric heat*".

Request:
Please provide evidence relied upon to come to the conclusions identified in this statement.

11) *Reference*: April 27, 2012 Application, Part 2, Page 3
YEC states "*Industrial connected growth continues to be material – but industrial load growth to date also continues to bring higher revenues that tend to more than offset any related incremental costs*".

Request:
Please provide all cost allocation and revenues evidence relied upon to come to the conclusions identified in this statement.

12) *Reference*: April 27, 2012 Application, Part 2, Page 3
YEC states "*With diesel once again "on the margin", as was the case (to a lesser extent) when the Faro mine was operating, measures are once again required to enable customer rates to recover diesel costs based on long-term average annual hydro generation (rather than fluctuating short-term hydro forecasts) and a reactivated Diesel Contingency Fund to address variances in diesel generation costs due to hydro generation variability. To mitigate the impact of incorporating full long-term average diesel costs into rates, the Application provides for diesel generation costs in the test years based on annual hydro generation forecasts slightly higher than forecast annual long-term average (with the result that forecast diesel generation is still less than long-term average). This revenue requirement measure is proposed for 2012 and 2013 to mitigate rate impacts in these years and facilitate transition to inclusion in future revenue requirements of the full diesel generation cost based on forecast annual long-term average hydro generation*".

Reference: October 6, 2008 GRA Application, Revenue Requirement, Page 3-21 – 3-22
YEC states: "*The Diesel Contingency Fund ("DCF") established in the 1996/97 GRA Negotiated Settlement. This account serves to stabilize Yukon Energy's costs to serve firm loads on WAF, due to variances in water flows (and resulting hydro generation variances). The account, in effect, can be either credited or debited each month for one of two reasons:*

- *When diesel in "on the margin" (defined as being used to meet long-term firm energy requirements of the system, not just periodic peaking requirements), the account stabilizes the diesel costs related to water flow variations. The premise of the account in these situations is that, when hydro varies positive or negative from forecast, that variance is met effectively 1 for 1 with changes in diesel generation compared to what would have occurred had the hydro variance not occurred.*

- *When diesel in not on the margin, the account can in certain circumstances be used to pay for the costs of generation using diesel (when monthly diesel generation exceeds 250 MW.h notwithstanding that it is not required to meet base loads under normal flows, i.e., in the case of a drought that requires diesel generation even though hydro should be able to fully satisfy the system outside of limited peaking use).*

For the test years, no use of the DCF is forecast. The DCF has a balance of $0.856 million as at December 31, 2007 (including interest earned monthly); this balance is proposed to be retained in the fund as it is intended to be available in the event of a drought. The DCF will not be advanced in the "diesel on the margin" mode until such time as the system has firm loads that exceed the long-term average capability of the system over the course of a long period (many months to years). This will not occur until after secondary sales have been basically fully interrupted over the long-term on the WAF system. The DCF could be required in the event of a drought within the test years.

There is no comparable DCF fund for the Mayo-Dawson system. Yukon Energy does not at this time anticipate a requirement for such a fund during 2008 and 2009."

Request:

(a) Please provide data identifying the amount of diesel generation "on the margin" at the time when the Faro mine was operating and confirm that diesel was not on the margin in 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(b) Please explain when the Diesel Contingency Fund was "deactivated".
(c) Please provide details of debits / credits / balances related to the Diesel Contingency Fund for 2007, 2008, 2009, 2010, 2011 and 2012 (to date). Please provide detailed explanations for each transaction.
(d) Please provide details of the requirement to file annual DCF reports with the YUB and provide copies of the DCF annual reports for 2008, 2009, 2010 and 2011.
(e) Please confirm that secondary and industrial sales customers are not entitled to receive any benefits from the Diesel Contingency Fund.
(f) Please describe how the DCF will be allocated if triggered.

13) *Reference*: April 27, 2012 Application, Part 2, Page 5

YEC states "*In the event there are secondary sales, secondary revenues will be credited directly to the DCF (without any Rider F related adjustment or impact for price changes), thereby helping to fund the long-term risks related to hydro generation water condition fluctuation. This treatment maintains a logical connection to the updated DCF and is intended to support rate stability going forward. Assigning secondary sales revenues to the DCF ensures that all such temporary revenues from surplus hydro conditions will go to funding future fossil fuel generation due to below average water conditions*".

Request:

Please explain how this proposal ensures that costs incurred related to secondary sales will be offset by revenues received.

14) *Reference*: April 27, 2012 Application, Part 2, Page 7
YEC states that it wants to establish a "placeholder" expense of $1.100 million related to costs for the current GRA Application, anticipated to be incurred over 2012 and 2013 for preparation and review of the Application and reimbursement of related intervenor and YUB costs, to be amortized over the 2 test years (2012 and 2013).

Request:
(a) Instead of recovering GRA-related costs in advance of a prudency review, please explain why it would not be better for ratepayers from rate stability and cost responsibility perspectives to simply accumulate GRA-related costs actually incurred in a deferral account and then determining how prudently incurred costs would be recovered over a future time period. Please comment on whether YEC would be in favour of such an approach.
(b) Please provide examples of how other jurisdictions treat GRA-related costs and how these are recovered from ratepayers.

15) *Reference*: April 27, 2012 Application, Part 2, Page 7
YEC states that it wants to amortize total incurred cost of $0.026 million related to the regulatory review of the Rate Schedule 39 Escalation Proceeding over two years.

Request:
Please confirm that these costs will only be recovered from industrial customers to whom Rate 39 applies. If not, please provide a full explanation including examples from other jurisdictions that allow costs incurred for the industrial class to be recovered from other ratepayers.

16) *Reference*: April 27, 2012 Application, Part 2, Page 7
YEC states that it wants to amortize total incurred cost of $0.054 million related to the regulatory review of the Alexco Explorations Power Purchase Agreement over 5 years which is the currently anticipated economic life of the substantial terms of the Alexco PPA.

Request:
Please confirm that these costs will only be recovered from Alexco. If not, please provide a full explanation including examples from other jurisdictions that allow costs incurred for a specific customer to be recovered from other ratepayers.

17) *Reference*: April 27, 2012 Application, Tab 1 - Introduction, Page 1-1
YEC states "*The forecast ROE in each test year, absent new rates, shows continued material deterioration in financial performance underlining the need for increases in rates*".

Reference: October 6, 2008 Application, Introduction, Page 1-9
YEC states that "*Notwithstanding ongoing cost pressures, robust sales have allowed the Return on Equity ("ROE") earned in recent years by Yukon Energy to exceed the 9.05% level approved by the Board in 2005, permitting Yukon Energy to operate*

without any requirement for rate adjustments in the interim" and that actual ROE was 9.48% in 2005, 10.59% in 2006 and 9.45% in 2007".

Request:

(a) Please explain how YEC's excess earnings in past years have been shared with ratepayers.
(b) Please provide details of how YEC has reduced ongoing costs to offset other cost pressures.
(c) Please restate Table 1.1 by showing the allowed and actual ROE for 2005, 2006, 2007, 2008, 2009, 2010 and 2011 and the actual dollars associated with the under / over earnings.
(d) Please provide details of YEC's efforts to date to consider a performance-based regulation mechanism including earnings sharing.
(e) Please describe mechanisms that would enable YEC to "give money back to the consumers" when earnings are higher than the levels determined as fair by the YUB.

18) *Reference*: April 27, 2012 Application, Tab 2, Page 2-3

YEC states "*Total forecast sales are 382.6 GW.h for the 2012 test year and 395.9 GW.h for the 2013 test year. Total forecast sales for 2012 include 296.0 GW.h of primary (firm) wholesale sales, 52.3 GW.h of primary Major Industrial sales, 34.3 GW.h of firm Retail sales (i.e., all firm sales other than wholesale or Major Industrial), and total forecast sales for 2013 include 298.2 GW.h primary wholesale sales, 62.3 GW.h Major Industrial sales, 35.3 GW.h firm Retail sales. No secondary sales are forecast to be available in the test years*".

Request:

(a) Please provide details of demand-side management efforts that have been promoted to Yukon electricity ratepayers by YEC and others. In particular, please provide details of any DSM-related discussions / activities undertaken with the Yukon government regarding their own facilities.
(b) Please provide details on the audit processes that have been completed on these DSM efforts.
(c) Please provide details on how the impacts of DSM efforts are reflected in the load forecasts of YEC's customer classes including secondary sales customers.
(d) Please provide details of YEC's DSM-related expenditures in 2005, 2006, 2007, 2008, 2009, 2010 and 2011 and their percentage of revenue requirement.

19) *Reference*: April 27, 2012 Application, Tab 2, Page 2-3

YEC states "*Each year Yukon Electrical provides Yukon Energy with an Integrated Grid firm wholesale purchase power forecast reflecting its forecast grid firm retail sales less its forecast generation from its Fish Lake hydro plant. Yukon Energy reviews and adjusts the Yukon Electrical forecasts in light of the most recent information available.*

For GRA forecast purposes, available preliminary actual results for 2011 were considered and the 2011 actual YECL wholesale sales were adjusted to reflect expected in-service of a new Fish Lake hydro unit #1 in 2013 and to reflect adjustments for *weather conditions based on 10 year average Heating Degree Days (HDD). A percentage growth increase of 2.26% per year was then applied to the adjusted 2011 actual wholesale sales (normalized assuming operation of both Fish Lake units) for each of 2012 and 2013 and additional sales were included for 2012 to reflect continuing shut down of Fish Lake Unit #1 until January 2013*".

Request:
(a) Please provide a comparative table showing the differences between YEC's and YECL's load forecasts by customer class for 2012 and 2013.
(b) Please provide a comparative table of the forecast load forecasts versus actual by customer class for 2005, 2006, 2007, 2008, 2009, 2010 and 2011. Please explain how this data has been weather normalized if applicable.
(c) Please explain what discussions YEC has had with YECL to determine how best to forecast load in the Yukon and whether YECL has supported the current forecast.

20) *Reference*: April 27, 2012 Application, Tab 2, Page 2-4
YEC states that the 2012 and 2013 test years include three Major Industrial customers - Minto mine (in service in late 2008), Alexco mine (in service in late 2010) and Whitehorse Copper Tailings (forecast in service starting in mid-2013).

Request:
(a) Please provide monthly details of Minto's electricity use, demand and bill component totals for 2008, 2009, 2010, 2011, 2012 (to date and forecast) and 2013 (forecast).
(b) Please provide monthly details of Alexco's electricity use, demand and bill component totals for 2010, 2011, 2012 (to date and forecast) and 2013 (forecast).
(c) Please provide monthly details of Whitehorse Copper's electricity use, demand and bill component totals for 2013 (forecast).

21) *Reference*: April 27, 2012 Application, Tab 2, Page 2-9
YEC states "*Firm residential retail sales have grown from 11,676 MW.h in 2009 (actual) to 12,325 MW.h in 2012 (forecast) and 12,408 MW.h in 2013 (forecast). The average annual growth rate is 1.5% in 2013 (forecast) compared to 2009 (actual). This reflects ongoing modest growth in the number of customers and the average use per customer over the previous three years*".

Request:
(a) Please provide monthly details of firm residential retail sales for 2008, 2009, 2010, 2011, 2012 (to date and forecast) and 2013 (forecast).
(b) Please provide monthly details of the number of firm residential customers for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(c) Please provide monthly details of the number of residential customers using electricity for space heating for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(d) Please provide a table showing revenue requirement per residential customer for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast). Please include details of the calculation of these averages.

22) *Reference*: April 27, 2012 Application, Tab 2, Page 2-9
YEC states "*The 2013 forecast indicates a 3.15% average annual increase in Yukon Energy's general service sales over 2009 (actual). In sum, firm general service retail sales in 2009 (actual) were 19,672 MW.h, and are forecast to increase to 21,693 MW.h in 2012 and 22,620 MW.h in 2013*".

Request:
(a) Please provide monthly details of firm general service retail sales for 2008, 2009, 2010, 2011, 2012 (to date and forecast) and 2013 (forecast).
(b) Please provide monthly details of the number of firm general service customers for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(c) Please provide a table showing revenue requirement per general service customer for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast). Please include details of the calculation of these averages.

23) *Reference*: April 27, 2012 Application, Tab 2, Page 2-17

Request:
(a) Please provide an update to Table 2.1 which includes actual 2011 sales for the full year.
(b) Please provide a table showing the total actual monthly kWh usage in 2009, 2010, 2011, 2012 and 2013 of all residential customers in each Yukon community and the average Yukon residential monthly usage. Please identify the source of the information provided.
(c) Please provide a table for 2009, 2010, 2011, 2012 and 2013 showing:
   - the number of customers in each community at or below 1000 kWh usage for each month during the year;
   - the number of customers in each community using between 1000 and1300 kWh for each month during the year;
   - the number of customers in each community using between 1300 and1500 kWh for each month during the year; and
   - the number of customers in each community using more than 1500 kWh for each month during the year.

   Please identify the source of the information provided.

24) *Reference*: April 27, 2012 Application, Tab 3, Page 3-5
YEC states "*Forecast fuel prices for the 2012/2013 test years are $1.0513 per litre for Whitehorse, $1.0885 per litre for Faro, $1.168 per litre for Dawson and $1.0966 per litre for Mayo and reflect the most recent fuel prices for YEC. This is higher than the fuel price forecast at the 2009 approved fuel prices of $0.96/litre, $0.992/litre, $0.975/litre and $0.967/litre respectively*".

Request:
(a) Please provide details of the actual prices paid for diesel fuel in 2008, 2009, 2010 and 2011. Please include references to locations and amounts.
(b) Please identify YEC's procurement practice and policy with respect to diesel fuel.

25) *Reference*: April 27, 2012 Application, Tab 3, Page 3-6
YEC states "*Table 3.3 indicates the actual expense for 2009 and 2010 was $14.4 million and $14.35 million respectively, and increased to $15.8 million in 2011. Total operating and maintenance costs are forecast to increase to $17.496 million for 2012 and $18.385 million for 2013. This is a $4.3 million increase in 2012 over 2009 approved (33% increase) and further $0.89 million increase in 2013 over 2012 forecast (5% increase)*".

Request:
(a) Please explain the increase in labour costs and the amount of labour costs that have been transferred to capital and deferred cost projects.
(b) Please provide position titles and total compensation amounts for all positions that were compensated at more than $100,000 annually in 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(c) Please provide a table showing non-fuel operating and maintenance costs per customer for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast). Please include details of the calculation of these averages.

26) *Reference*: April 27, 2012 Application, Tab 3, Page 3-6
YEC states "*The remainder of the $4.3 million increase in 2012 forecast over 2009 approved costs is comprised of an increase in labour expense in 2012 of $2.305 million (53% of total increase over 2009 approved) and in 2013 of $0.193 million over 2012 forecast (22% of total increase over 2012 forecast). This reflects additional positions, as well as negotiated and step increases. Full Time Equivalent (FTE) positions are forecast to increase by 12.26 FTEs in 2013 compared to 2009 approved with most of the increase in 2010 (7.38 FTEs). The average annual increase in salaries per FTE is 4.3% from 2009 approved to 2013 forecast*".

Request:
(a) Please provide details of total remuneration by component (i.e., base salary, overtime, profit sharing or incentive payments, etc.) for each of the YEC employee groupings for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(b) Please provide individual amounts paid by YEC to each member of the Board of Directors for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(c) Please explain how YEC and YDC-related costs are tracked and allocated within YEC's revenue requirement.

27) *Reference*: April 27, 2012 Application, Tab 3, Page 3-6, Table 3.3

Request:
(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the non-fuel operating and maintenance expenses included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the non-fuel operating and maintenance expenses cost level last approved by the YUB for 2009.
(d) Please explain what is meant by using columns labelled "existing" and "proposed" for 2012 and 2013; in particular, explain the significance the reader is supposed to draw when the existing and proposed values in the same year are identical for the majority of categories.

28) *Reference*: April 27, 2012 Application, Tab 3, Page 3-7, Table 3.4

Request:
(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the employee complement included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the Employee Complement level last approved by the YUB for 2009.

29) *Reference*: April 27, 2012 Application, Tab 3, Page 3-7, Table 3.5

Request:
(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the production costs included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the Production cost level last approved by the YUB for 2009.
(d) Please explain what is meant by using columns labelled "existing" and "proposed" for 2012 and 2013; in particular, explain the significance the reader is supposed to draw when the existing and proposed values in the same year are identical.

30) *Reference*: April 27, 2012 Application, Tab 3, Page 3-8, Table 3.6

Request:

(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the transmission costs included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the Transmission cost level last approved by the YUB for 2009.
(d) Please explain what is meant by using columns labelled "existing" and "proposed" for 2012 and 2013; in particular, explain the significance the reader is supposed to draw when the existing and proposed values in the same year are identical.

31) *Reference*: April 27, 2012 Application, Tab 3, Page 3-9, Table 3.7

Request:

(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the distribution costs included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the Distribution cost level last approved by the YUB for 2009.
(d) Please explain what is meant by using columns labelled "existing" and "proposed" for 2012 and 2013; in particular, explain the significance the reader is supposed to draw when the existing and proposed values in the same year are identical.

32) *Reference*: April 27, 2012 Application, Tab 3, Page 3-10, Table 3.8

Request:

(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the general operating and maintenance costs included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the General Operating and Maintenance cost level last approved by the YUB for 2009.
(d) Please explain what is meant by using columns labelled "existing" and "proposed" for 2012 and 2013; in particular, explain the significance the reader is supposed to draw when the existing and proposed values in the same year are identical.

33) *Reference*: April 27, 2012 Application, Tab 3, Page 3-11, Table 3.9

Request:

(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the administration costs included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the Administration cost level last approved by the YUB for 2009.
(d) Please provide details and explanations of the cost incurred to operate the fish hatchery that were included in the approved 2009 revenue forecast, 2011 actual, 2012 forecast and 2013 forecast.
(e) Please provide an explanation and details of the spending on training in 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast). Was any of this training available and / or taken within the Yukon? Why or why not?
(f) Please provide total compensation levels for positions for which staff were recruited in 2009, 2010 and 2011 and will be recruited in 2012 (forecast) and 2013 (forecast).
(g) Please provide details of costs identified under regulatory affairs for 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(h) Please explain what is meant by using columns labelled "existing" and "proposed" for 2012 and 2013; in particular, explain the significance the reader is supposed to draw when the existing and proposed values in the same year are identical.

34) *Reference*: April 27, 2012 Application, Tab 3, Page 3-17, Table 3.10

Request:

(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the insurance and reserve for injuries & damages costs included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the Insurance and Reserve for Injuries & Damages cost level last approved by the YUB for 2009.

35) *Reference*: April 27, 2012 Application, Tab 3, Page 3-19, Table 3.12

Request:

(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the property tax provision included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide details of the property tax paid by community for 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(d) Please provide an explanation for any variances between the 2011 actual, 2012 forecast and 2013 forecast and the Property Tax cost level last approved by the YUB for 2009.

(e) Please provide documentation outlining YEC's requirement to make payments in lieu of property taxes to municipalities.

36) *Reference*: April 27, 2012 Application, Tab 3, Page 3-23
YEC states "*Given the various factors and data available for the analysis, Yukon Energy has determined it appropriate to update its depreciation rates based on the results of the KPMG study. Certain of Yukon Energy's major assets (e.g., certain hydro plant, diesel production and main transmission assets) are indicated to have longer service lives than calculated in the depreciation study conducted in YEC's 2005 Required Revenues and Related Matters filing. With longer service lives the required annual deprecation provision is lower. As set out in Table 3.14 below, this factor decreased the 2012 depreciation expenses by approximately 33% ($2.307 million, net of customer contributions and amortization of fire insurance recoveries), and decreased 2013 depreciation expense by approximately 32% ($2.392 million, net of customer contributions and amortization of fire insurance recoveries)*".

Request:
(a) Please provide details on the impact of the proposed change in depreciation expense on the overall revenue requirement for 2012 and 2013 including the change in rate base and return.
(b) Please confirm that one impact of the proposed change in depreciation expense will be to increase rate base and the return on rate base in 2012, 2013 and all following years.
(c) Please confirm that, on an actual basis, vehicle depreciation is expensed as part of gross O&M and then 100% capitalized through direct capitalization.

37) *Reference*: April 27, 2012 Application, Tab 10, Page 10-1
KPMG states "*While this preliminary document sets forth our conclusions, please note that it is not intended to be considered a complete narrative report. This document will be supplemented by a complete narrative report fully outlining our assumptions and methodologies which will be delivered at a future date*".

Request:
(a) Please provide a copy of the "complete narrative report" provided by KPMG and the details of when it was received by YEC.
(b) Please provide details of discussions / correspondence between YEC and KPMG that allowed YEC to move forward with it proposed changes to depreciation rates based on KPMG's preliminary document.
(c) Please confirm that YEC's Board of Director's approved moving forward with the proposed change in depreciation rates.
(d) Please explain why asset data as at December 31, 2010 was used for the depreciation study.
(e) Please provide details of the asset classes as well as the relative weighting of each class with regards to total cost as at December 31, 2011 (actual), December 31, 2012 (forecast) and December 31, 2013 (forecast).

38) *Reference*: April 27, 2012 Application, Tab 10, Page 10-10
KPMG states "*The comparable companies relied upon in our study included, but was not limited to the following*" and then lists BC Hydro, Manitoba Hydro, Newfoundland Labrador Hydro and 14 other companies.

Request:
(a) Please provide details of the other companies relied upon.
(b) Please explain how each of these companies is "comparable" to YEC and rank them from most comparable to least comparable with justification for the resulting rankings.

39) *Reference*: April 27, 2012 Application, Tab 10, Pages 10-16 and 10-17

Request:
Please provide a table showing annual depreciation expense by account based on existing depreciation rates for 2010 and 2011 and the annual depreciation expense by account based on existing and proposed depreciation rates for 2012 and 2013.

40) *Reference*: April 27, 2012 Application, Tab 3, Page 3-21
YEC states "*The largest component of deferred charges relates to planning and study costs, regulatory hearing costs and licensing costs related to maintaining licences of YEC's hydro facilities and air emission permits. The amortization of planning costs is the largest component of the deferred costs, which is primarily studies of the existing system and options for expanding the quantity of renewable generation, as well as studies related to the safety and reliability of the system, and other small projects. The requirement for Yukon Energy to undertake significant planning activities to ensure the next generation of low cost supply resources are available to meet growth on the integrated grid and displace requirements for costly diesel generation was reviewed in the 2008/2009 GRA. Since that time, Yukon Energy has continued with the planning work outlined in the 2008/2009 GRA. The new planning cost accounting policy included in this Application (provided in Appendix 5.1) is required to address the unprecedented levels of planning costs incurred in Work in Progress (WIP) since 2009 and ensure that these costs are included in rates in a manner that does not result in undue rate impacts for ratepayers. Forecast amortization of feasibility studies costs increase to $1.64 million in 2012 and $2.69 million in 2013 (a $2.0 million increase from 2009 approved expense) as set out in Tab 5. Under this approach large projects in Feasibility WIP (expenses to date >$1 million) are closed out before the end of the test period and amortized over 10 years to mute rate impacts over this period. This includes close outs in 2011 of Atlin Storage ($2.314 million) and Geothermal ($1.947 million) and close outs in 2012 of Marsh Lake Storage ($4.030 million), Gladstone Diversion ($3.893 million) and Waste-to-Energy ($1.128 million net of contributions). All other projects in Feasibility WIP (less than $ 1million) are closed out over the test period and begin to be amortized over 5 years*".

Reference: April 27, 2012 Application, Tab 5, Page 5-27
YEC states "*Progression through the planning process on each major deferred cost project has been carefully monitored and controlled by staged approvals for*

expenditures that apply to each project phase. In effect, each phase requires an approval to define the scope of work and the deliverable to be completed before progressing to the next stage. During the planning phase ongoing assessment may determine that a project is not economic based on current conditions – in the event that a project is deemed uneconomic at the end of a planning phase, work would be delayed until suitable conditions arise and the project is considered economically feasible. If, and when, a project successfully progresses through the planning and feasibility phase and procures necessary regulatory approvals it will advance (where appropriate, and subject to final tenders and other required approvals) to the construction stage. Due to the unprecedented levels of planning costs incurred since 2009, a new planning cost accounting policy (provided in Appendix 5.1 to Tab 5) is included in this Application to ensure that these costs are addressed and included in rates in a manner that moderates near-term rate impacts for ratepayers".

Request:
(a) Please provide details of other jurisdictions that have allowed planning costs to be amortized as proposed by YEC.
(b) Please provide details of all reports, ongoing assessments and approvals for major deferred projects.
(c) For the feasibility studies shown in tables 5.3, 5.4, 5.5, 5.6 and 5.7 as closed, please identify which of the studies resulted in capital expenditures.
(d) Where feasibility studies have resulted in capital projects, please explain why the study costs are not being amortized as per the resulting capital investment.
(e) For the feasibility studies shown in tables 5.3, 5.4, 5.5, 5.6 and 5.7 as closed, please provide a detailed listing of all deferred charges, descriptions of the charges incurred and a description of the reason for incurring the costs.

41) *Reference*: April 27, 2012 Application, Tab 3, Page 3-25, Table 3.15

Request:
(a) Please update this table by adding columns for 2008 and 2011 Actual.
(b) Please confirm that without Board approvals since 2009, the capital structure, cost of debt and return on equity provisions included in the revenue requirement approved for 2009 remained the approved amounts for 2010 and 2011.
(c) Please provide YEC's understanding of the YUB's role in determining and approving the deemed capital structure of YEC for rate-setting purposes.
(d) With respect to the unsecured advances from YDC:
   i. Please provide a detailed description of the purpose for each of the unsecured advances from YDC.
   ii. Please describe in detail the calculations of the interest rates attached to each of the unsecured advances from YDC. Please include references to all source documents.
   iii. Please explain how this method of interest calculation was determined.
   iv. Please provide all internally generated reports or documents prepared for or by senior management or otherwise related to the determination of method of interest calculation for the unsecured advances from YDC.
(e) With respect to the TD Canada Trust term note, please explain why this term note was not refinanced through YDC at a lower rate in January 2011.

(f) Other than the Auditor General's review of the Mayo-Dawson transmission line project and regular internal audits, have there been any independent audits completed on YEC's operating and capital expenses or YEC's debt management program? Please provide a copy of any independent audits conducted since 2008.

42) *Reference*: April 27, 2012 Application, Tab 3, Page 3-27
YEC states "*YEC has updated its forecast Return on Equity (ROE) based on a review of ROE methods and results in other jurisdictions to determine a reasonable low risk utility benchmark to use for the purposes of the current GRA filing. This review indicated that while the British Columbia Utilities Commission (BCUC) low risk utility benchmark has been used in proceedings since the 1996/97 GRA, the low risk utility benchmark in that jurisdiction has not been subject to review since 2009 (and as a consequence may be out of date). By contrast, the Alberta Utilities Commission (AUC) has recently completed a Generic Cost of Capital proceeding (with a Decision dated December 2011. The recent AUC proceeding has determined the benchmark ROE for a low risk utility to be 8.75% (by contrast, the more dated 2009 BCUC benchmark would provide for a low risk utility ROE in the 9.5% range)*".

Request:
(a) Please confirm that the BCUC determined that the allowed return on common equity for a low-risk benchmark utility in 2009 was 8.47% which would result in a proposed 8.49% ROE for YEC.
(b) Please provide a calculation of YEC's average weighted cost of capital for 2012 and 2013 assuming a proposed 8.49% ROE.
(c) Please provide a calculation of YEC's return on rate base using an 8.49% ROE for 2012 and 2013.
(d) Please provide the revenue requirement impact of using a return on equity of 8.49% in 2012 and 2013.
(e) Please confirm YEC's understanding that the British Columbia Utilities Commission is currently conducting a generic cost of capital review with a decision expected in late 2012 / early 2013.
(f) If the BCUC review results in a lower benchmark for a low risk utility, will YEC agree to adopt this lower rate for purposes of setting rates in 2013?
(g) Please provide a table comparing operating and financial statistics for YEC and utilities regulated by the BCUC.
(h) To YEC's knowledge, have there ever been any discussions related to increasing the negative 0.5% adjustment (per OIC 1995/90) to YEC's rate of return on equity as a means for reducing overall costs to be recovered from ratepayers? If yes, please provide details.
(i) Please provide justification for YEC's proposed 52 basis points premium related specifically to YEC's risk in 2012 and 2013. Please provide the qualifications of the person providing this justification.

43) *Reference*: April 27, 2012 Application, Tab 3, Page 3-28
YEC states "*The Deferred Fuel Price Account ("Rider F") is established and maintained pursuant to Order in Council 1995/90, Section 8. This account captures all variations in fuel price per litre for each actual litre consumed, compared to the most recent GRA-approved fuel prices. Pursuant to Board Order 2005-12, Yukon Energy also credits this account with all variations (positive or negative) in the ongoing quarterly adjustment to the prices of secondary sales, compared to the most recent GRA-approved price. As with the typical situation where final rates are put in place following the start of the test year, once final approvals are received for new test year fuel prices, Yukon Energy recalculates the balances in these accounts to ensure that all charges to the accounts are precisely equal to what would have occurred had the ultimate YUB approvals been known at the start of the first test year. Based on proposed changes to the DCF whereby any secondary sales revenues after January 1, 2012 would be credited directly to the DCF (and thereby not affect Yukon Energy revenues or income), it is proposed that Rider F no long be affected by variations in the ongoing quarterly adjustments to the prices of secondary sales, i.e., any secondary sales revenues after January 1, 2012 would be credited to the DCF without any Rider F related adjustment or impact for price changes*".

Request:

(a) Please confirm that all customer classes except secondary sales customers are currently charged a Rider F surcharge of 0.420 ¢ per kW.h on all kWh consumed.
(b) Please provide tables showing (i) the monthly debits/credits/balances in the Deferred Fuel Price Account and (ii) the recovery of Rider F revenue from each rate class in 2008, 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast).
(c) Please confirm that the benchmark upon which Rider F is determined would be adjusted to match fuel costs approved for 2012 and 2013 in this proceeding.

44) *Reference*: April 27, 2012 Application, Tab 3, Page 3-28
YEC states "*The Diesel Contingency Fund ("DCF") was established in the 1996/97 GRA Negotiated Settlement. The DCF is designed to ensure that the Fund (and utility ratepayers), rather than YEC earnings, pays for or benefits from changes to grid diesel generation due to fluctuations in grid hydro generation due to factors such as water condition changes that are beyond utility control. With the DCF in place, the YUB can set customer rates based on long-term forecast hydro generation rather than short-term forecast hydro generation. The DCF is maintained to address ongoing fluctuations in diesel requirements (and related fluctuations in rates, up or down) that ratepayers would otherwise be exposed to due to annual water availability. In effect, the DCF operates to smooth rate impacts so that ratepayers are not subject to ongoing rate instability from year to year depending on whether it is a flood or drought year. The DCF balance as at December 2011 is $0.902 million. This balance has been retained in the Fund (with interest) and no amounts (beyond interest) have been either credited or debited to the fund since December 31, 2007*".

Request:

(a) Please identify all of the parties that were part of the 1996/97 GRA Negotiated Settlement and which of these parties have agreed to change the negotiated settlement package to allow the proposed changes to the operation of the DCF.

(b) Please confirm that, as noted in the YECL 2008/2009 GRA, completion of Yukon Energy's transmission facilities to Pelly Crossing in 2008 enabled YECL thereafter to secure approximately $600,000 ongoing fuel and other operating cost savings.
(c) Please confirm that the provisions of the Mayo-Dawson Note are designed to protect ratepayers in the event of underperformance of the line, ensuring ratepayers will not pay more in any year than they would have had Dawson remained on diesel generation.
(d) Please confirm that the cap for the DCF will remain at $4.04 million.

45) *Reference*: April 27, 2012 Application, Tab 4, Page 4-6
YEC states "*Section 6(3) provided in OIC 2007/94 was replaced in April 2012 with a new OIC direction – OIC 2012/68. This new direction in effect requires that Rate Schedule 39 as approved in Board Order 2011-14 continue until December 31, 2013, except as follows:*

1. *If rates charged to retail customers for all or any part of 2012 are to be increased, then for that same period the greater of that increase and the percentage increase approved in Board Order 2011-14 [i.e., 3.4%] is to apply to the class of major industrial customers; and*
2. *The Board must otherwise ensure until December 31, 2013 that rate adjustments for retail customers and major industrial customers apply equally, when measured as percentages, to all classes of retail customers and to the class of major industrial customers.*"

Request:
(a) Please confirm that the currently forecasted revenue shortfalls of $3.455 million in 2012 and $7.685 million in 2013 were calculated based on rates effective in April 2012.
(b) If the revenue shortfall projected for 2012 is based on existing firm rates including existing industrial rates, why wouldn't the industrial class be subject to the same percentage increase in revenue recovery as all other classes?
(c) Please calculate the percentage rate increase required (versus the proposed 6.4%) in 2012 for all rate classes assuming that industrial rates were increased at the same level (i.e., no adjustment for previous rate changes in 2012).
(d) Please calculate the percentage rate increase required (versus the proposed 6.4%) in 2012 for all rate classes assuming that industrial rates were increased at the same level (i.e., no adjustment for previous rate changes in 2012) and assuming that YEC is only allowed to recover the proposed incremental 2012 revenue requirement for 8 months (May-December) instead of 12 months.

46) *Reference*: April 27, 2012 Application, Tab 6, Page 6.2.-7
YEC states "*YEC is required to adopt IFRS beginning with its 2012 fiscal year, including comparative figures for 2011*".

Request:
(a) Please confirm that in March 2012, a month before YEC submitted its application to the YUB, the International Accounting Standards Board announced an additional

one year IFRS adoption deferral to January 1, 2013 and that this deferral is available to rate-regulated entities (i.e., YEC).

(b) Please confirm YEC's willingness to defer adoption of International Financial Reporting Standards until January 1, 2013 to allow issues associated with rate-regulated accounting under IFRS to be resolved.

47) *Reference*: April 27, 2012 Application, Tab 5, Page 5-2
YEC states "In the test years, 74% of Yukon Energy projected spending on capital works ($47.6 million) is on major projects over $1 million ($35.1 million). Yukon Energy's level of "normal" or ongoing spending on capital works, outside of such major projects, over the period 2009 (actual) to 2013 (forecast) varies from a low of approximately $5.4 million (2012) to a high of $10.5 million (2010) averaging $7.26 million per year. The average is higher than the average ongoing capital spending reports in the 2008/2009 General Rate Application hearing, which was approximately $5.1 million over the 2005 to 2009 period".

Request:

(a) Please describe the discounted cash flow analysis used by YEC to determine the feasibility of capital projects and the minimum threshold profitability index that individual projects are required to achieve.

(b) Please provide a list of all individual capital projects in 2009, 2010, 2011, 2012 and 2013 that fail to achieve a minimum threshold profitability index of 0.8.

(c) Please identify YEC's depreciation expense per year in 2009, 2010, 2011, 2012 (forecast) and 2013 (forecast) and confirm that these amounts are used to fund capital expenditures in these years.

(d) Please confirm that YEC's capital expenditures are not rolled into rate base until the project is completed and deemed to be used and useful.

48) *Reference*: April 27, 2012 Application, Tab 5, Page 5-5
YEC states that the Carmacks-Stewart Transmission Project – Stage 2 was energized on June 16, 2011, that project costs are not yet final although estimated to be $41.9 million, that the full $41.9 million is funded by Federal and Yukon government contributions, and that there is no impact to rate base and no impact on rates.

Request:

(a) Please confirm that no matter what the final capital cost is for the Carmacks-Stewart Transmission Project – Stage 2, YEC will be provided contributions to offset all capital costs.

(b) Please identify the revenue requirement impact of this project in 2011, 2012 and 2013 and the impact on rates for each customer class.

(c) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

49) *Reference*: April 27, 2012 Application, Tab 5, Page 5-6
YEC states that the Mayo Hydro Enhancement Project was commissioned ahead of schedule in December 2011, that the project's completed cost is forecast at

approximately $116.6 million (excluding the Mayo Lake project), the net rate base cost is forecast at $35 million (i.e., $116.6 million less Federal and Yukon Government / YDC contributions of $81.6 million), and that flexible debt long-term financing has been secured by Yukon Energy from YDC to mitigate ratepayer risks related to costs exceeding 11 cents per kW.h (2012$) in any year for diesel generation displaced.

Reference: YUB Report to Yukon Minister of Justice, YEC Application for an Energy Project Certificate and Energy Operation Certificate Regarding the Proposed Mayo Hydro Enhancement Project (May 17, 2010), Pages 12-13

The YUB states "*To conclude, based on the load forecast and comments of YEC, there is enough generation in place to serve forecast loads, and based on this single criteria there is not a specific need for the Mayo B Project. However, based on the comments and analysis of YEC, there is clearly a demonstrated public benefit if Mayo B proceeds. The cost savings to Yukon ratepayers and other benefits from displacing diesel generation lead the Board to recommend that the public benefit is significant enough that, in concert with Board comments on other sections in this report, YEC should proceed with the Mayo B Project*".

Reference: YEC 2008-2009 General Rate Application, YECL-YEC-1-5 REVISED
YEC states "*The cost estimate at this time (Level 3-Feasibility stage of study) for Mayo B is $120 million, including contingencies of 15% to 25% depending on the project component*".

Reference: YEC 2008-2009 General Rate Application, YUB-YEC-1-8
YEC states "*The cost of the Project is presently estimated at $120 million (including escalation, interest during construction, and contingencies of 15% to 25% depending on the Project component). This estimate has been subjected to a preliminary third-party review. This review indicated that there may be a potential upward adjustment to the cost of up to 5%*".

Request:
(a) Please confirm that no matter what the final capital cost is for the Mayo Hydro Enhancement Project, the net rate base addition will be no more than $35 million.
(b) Please identify the revenue requirement impact of this project in 2011, 2012 and 2013 and the impact on rates for each customer class.
(c) Please explain the various levels of "feasibility stages of study" and how they relate to the confidence in project cost estimates.
(d) Please provide a breakdown of all project component costs and an explanation of variances between the original budget of $120 million and the current estimate of $116.6 million.
(e) Please identify the diesel fuel savings resulting from this project that have been incorporated into the proposed revenue requirements for 2012 and 2013.
(f) Please explain why the costs for the Mayo Hydro Substation Enhancements and Mayo Head Gate Repairs were not identified as part of the Mayo Hydro Enhancement Project and its $120 million budget / business case when it was submitted to the YUB for review with respect to the Energy Project and Energy Operation Certificates (other than "the range of non-Mayo B material planning

considerations and requirements associated with this substation" noted at the bottom of page 5-10).

(g) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

50) *Reference*: April 27, 2012 Application, Tab 5, Page 5-9
YEC states that the Aishihik Third Turbine Construction project came into service in December 2011, that project's forecast completion budget cost is approximately $13.8 million, and that the net rate base cost is approximately $8.8 million after $5 million in 3rd party contributions.

Reference: September 2008 YEC 2008-2009 GRA Application, Page 5-13
YEC states "*The addition of a seven megawatt turbine installed at the existing Aishihik generation station at a cost of approximately $8.5 million will help to reduce future diesel generation through both more efficient use of water at Aishihik, as well as better ability to use the plant to meet short-term peak loads (as an alternative to diesel generation). The Yukon Government has committed $5 million of no-cost capital towards the project. These government funds allow the project to proceed on an accelerated basis to provide net benefits without waiting until new mine connection arrangements are confirmed.*

Construction costs are forecast to be $750,000 in test year 2008 with an additional $3,500,000 in test year 2009 (a further $4,250,000 is forecast for 2010). Yukon Energy costs for this project will be offset by Yukon Government funding contributions totalling $1,500,000 in 2008 and $3,500,000 in 2009 (for a total of $5,000,000 over the period)".

Request:

(a) Please confirm whether the Aishihik 3rd Turbine project was submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.

(b) Please explain how the ratepayer costs for the Aishihik 3rd Turbine increased from the $3.5 million used to gain approval from the YUB to approximately $8.8 million now after the $5 million Yukon government contribution. Please provide a breakdown of all project component costs and an explanation of variances between the original budget of $8.5 million and the current estimate of $13.5 million.

(c) Please provide details of the current economic assessment for the Aishihik 3rd Turbine project including detailed calculations of NPV ratepayer savings as a result of this project.

(d) Please identify the revenue requirement impact of this project in 2011, 2012 and 2013 and the impact on rates for each customer class.

(e) Please provide a breakdown of all project component costs and an explanation of variances between the original budget of $120 million and the current estimate of $116.6 million.

(f) Please explain why the costs for the Aishihik Generation Station Redundancy was not identified as part of the Aishihik 3rd Turbine project when it was submitted to the YUB for review in the 2008/2009 GRA proceeding.

(g) Please explain how the failure to not properly ground the Aishihik plant resulted in a fire/shut down of the plant and extended costs for remediation.

(h) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

51) *Reference*: April 27, 2012 Application, Tab 5, Page 5-10

YEC states "*Added to the requirement to refurbish the substation, many ongoing external changes on the Yukon grid required material re-investment be done to the Mayo substation to ensure that it is equipped and fully capable of addressing the fundamental changes to the grid system at this time*".

Request:

(a) Please confirm whether the Mayo Hydro Enhancements Project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.

(b) Please explain how much the Carmacks Stewart Transmission Project - Stage 2, the Mayo Hydro Enhancement Project and new industrial loads advanced the schedule for the Mayo Hydro Substation Enhancements.

(c) Please identify where in previous Part 3 and Energy Project Certificate applications the Mayo Substation Enhancements project was identified as a cost that would have to be incurred.

(d) Please explain how the two different transmission voltages from the Mayo line (69 kV) and the WAF line (168 kV) affected the costs of substation enhancements.

(e) Please provide a component breakdown of all Mayo Hydro Substation Enhancements expenditures in 2010, 2011, 2012 and 2013.

(f) Please confirm that the $0.750 million cost from the Mayo Substations Enhancements project identified as "assigned to Mayo B Project" is included in the current $116.6 million cost estimate for Mayo B.

(g) Please identify specifically what costs are being assigned to the Mayo B project.

(h) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

52) *Reference*: April 27, 2012 Application, Tab 5, Page 5-12

YEC states that after the inspection of the Mayo Head Gate, a comparison of available options for an emergency closure system were reviewed, a preferred option selected, the gate was designed, constructed and delivered to site with installation expected to occur during summer 2012.

Request:

(a) Please confirm whether the Mayo Head Gate Repairs project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.

(b) Please provide a component breakdown of all Mayo Head Gate Repairs project expenditures by year.
(c) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

53) *Reference*: April 27, 2012 Application, Tab 5, Page 5-15
YEC states that the Aishihik Generation Station Redundancy project was planned to be constructed on the same general timeline as the Aishihik Third Turbine installation and that the cost estimate has risen from $2.9 million to $6.356 million.

Request:
(a) Please confirm whether the Aishihik Generation Station Redundancy project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.
(b) Please provide a component breakdown of the Aishihik Generation Station Redundancy project expenditures by year.
(c) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

54) *Reference*: April 27, 2012 Application, Tab 5, Page 5-17
YEC states that the total budget for the Whitehorse Spillway Improvements project is $1.35 million for activities to occur between 2011 and 2013.

Request:
(a) Please confirm that all capital expenditures related to the Whitehorse Spillway Improvements project will occur between 2011 and 2013.
(b) Please confirm whether the Whitehorse Spillway Improvements project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.
(c) Please provide a component breakdown of the Whitehorse Spillway Improvements project expenditures by year.
(d) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

55) *Reference*: April 27, 2012 Application, Tab 5, Page 5-18
YEC states that the Whistle Bend Subdivision Supply project will cost upwards of $12 million depending on system reinforcement requirements and that the project will not be in service before 2014 and that there will not be any impact on rates in 2012 and 2013.

Request:
(a) Please confirm whether the Whistle Bend Subdivision Supply project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities*

Act per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.

(b) Please provide a component breakdown of the Whistle Bend Subdivision Supply project expenditures by year.

(c) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

56) *Reference*: April 27, 2012 Application, Tab 5, Page 5-19
YEC states that the first phase of the JDE Enterprise Business System project will cost $3.24 million and be completed by April 2012. The timing and scope of subsequent phases of this project will be brought forward separately.

Reference: October 6, 2008 GRA Application, Capital Projects, Page 5-17
YEC states that the budget for the replacement of its Financial Systems Software ($125,000 in 2008, $450,000 in 2009 and $425,000 in 2010) will involve the completion of replacement system needs assessment, a product review and the presentation of recommendations to the Board of Directors in 2008 and implementation beginning in 2009.

Reference: October 6, 2008 GRA Application, Capital Projects, Page 5-17
YEC states that the budget for an Electronic Document Management ($125,000 in 2008, $100,000 in 2009 and $100,000 in 2010) will be spent on a records management consultant in 2008 to assess records management issues and propose solutions with implementation starting in 2009.

Request:

(a) Please confirm whether the first phase of the JDE Enterprise Business System project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.

(b) Please provide a component breakdown of the first phase of the JDE Enterprise Business System project expenditures by year.

(c) Please identify all savings and productivity gains from the installation of these programs.

(d) Please identify when other phases of this project will be undertaken, the scope of these subsequent phases and their estimated cost.

(e) Please confirm whether the previous references to the replacement of YEC's Financial Systems Software and an Electronic Document Management system are part of this overall project.

(f) Please provide copies of the assessment of all external consultants and describe any research they conducted into the business systems now in use throughout Canada.

(g) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.

57) *Reference*: April 27, 2012 Application, Tab 5, Page 5-21
YEC states that the scope of the Victoria Gold Grid Connection project includes negotiating a Power Purchase Agreement with Victoria Gold, design and permitting of line and substations and construction of grid connection. Based on the system extension policy for industrial customers the customer contribution will fully cover all costs for these activities.

Request:
(a) Please confirm whether the Victoria Gold Grid Connection project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.
(b) Please identify when the Power Purchase Agreement is expected to be submitted to the YUB for approval.
(c) Please provide a component breakdown of the Victoria Gold Grid Connection project expenditures by year.
(d) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.
(e) Please confirm that this project will not result in any addition to revenue requirements recovered from non-industrial customers.

58) *Reference*: April 27, 2012 Application, Tab 5, Page 5-22
YEC states that the costs related to the Western Copper Grid Connection project will be fully recovered from Western Copper.

Request:
(a) Please confirm whether the Western Copper Grid Connection project was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.
(b) Please identify when the Power Purchase Agreement is expected to be submitted to the YUB for approval.
(c) Please provide a component breakdown of the Western Copper Grid Connection project expenditures by year.
(d) Please explain the treatment of this project for rate base purposes and the timing of it being added to rate base.
(e) Please confirm that this project will not result in any addition to revenue requirements recovered from non-industrial customers.

59) *Reference*: April 27, 2012 Application, Tab 5, Page 5-22
YEC states "*Total spending on property, plant and equipment from 2009 to 2011 for projects less than $1 million averaged $7.9 million. The ongoing capital works spending on property, plant and equipment is forecast at $5.426 million, for projects added to rate base in 2012 and $7.107 million for 2013*".

Request:

(a) Please update Table 5.2 with actual 2007, 2008 and 2011 expenditures.

(b) Please explain the treatment of these projects for rate base purposes and the timing of them being added to rate base.

(c) Please provide a component breakdown of project expenditures by year for all projects with a cost estimate of $500,000 or more.

60) *Reference*: April 27, 2012 Application, Tab 5, Page 5-28

YEC is proposing that approximately $13.55 million in deferred cost be placed into rate base by the end of 2013 for four hydro enhancement projects: Marsh Lake ($4.8 million), Gladstone ($4.4 million), Atlin ($2.2 million) and Mayo Lake ($2.1 million).

Request:

(a) Please update the Continuity Schedules of Deferred Costs under Tab 5 with actual 2007 and 2008 expenditures on these four projects.

(b) Please confirm whether any of these four projects was or will be submitted to the Minister or the YUB to review under Part 3 of the *Public Utilities Act* per the YUB's recommendation in its January 15, 2007 report regarding YEC's 20-year Resource Plan 2006-2025 that the threshold for capital expenditures to be reviewed by the Board be set at $1 million.

(c) For each of these projects, please provide: (1) a chronology of the development from inception until this application; (2) all consultation materials including but not limited to letters to and from stakeholders, First Nations, other Governments, as well as meeting notes; (3) details of the process of decision making to go ahead with project studies; (4) a component breakdown of costs incurred including but not limited to internal costs and costs for outside consultants; and (5) details of the process used to choose consultants for each study, the names of project study consultants chosen and the cost breakdown for each consultant.

61) *Reference*: April 27, 2012 Application, Tab 5, Page 5-28

YEC is proposing spending on Demand Side Management initiatives to end of 2011 of $1.037 million (offset with $0.735 million contribution), forecast spending in 2012 of $1.074 million and forecast spending in 2013 to go into rate base of 1.635 million. Amounts each year are forecast to be closed at end of year and amortized over ten years pursuant to YEC's proposed DSM Accounting Policy.

Request:

(a) Given YEC's evidence that Demand Side Management is widely recognized in utility resource planning to be feasible at relatively low cost for ongoing implementation with non-industrial and industrial customers, please provide details of YEC's DSM programs and types of expenditures (including consultant costs) since 2007.

(b) Please provide details of the planning, feasibility and implementation program costs and savings expected to be incurred in 2011, 2012 and 2013.

(c) Please provide details of how DSM-related costs will be recovered from ratepayers and details of that recovery by rate class.

62) *Reference*: April 27, 2012 Application, Tab 5, Page 5-29
YEC is proposing spending on Waste to Energy/Biomass initiatives to end of 2011 of $0.741 million (offset with $0.113 million contribution) and forecast spending in 2012 of $0.613 million (offset with $0.113 million contribution). YEC is proposing that amounts deferred to the end of 2012 will be closed and amortized over 10 years starting in 2013.

Request:
(a) Please provide details of YEC's Waste to Energy / Biomass programs and types of expenditures (including consultant costs) since 2007.
(b) Please provide details of the program costs and benefits / savings expected to be incurred in 2011, 2012 and 2013.
(c) Please provide details of how Waste to Energy / Biomass-related costs will be recovered from ratepayers and details of that recovery by rate class.

63) *Reference*: April 27, 2012 Application, Tab 5, Page 5-29
YEC is proposing spending on District Heating initiatives to end of 2011 of $0.070 million (offset with $0.53 million contribution), forecast spending in 2012 of $0.460 million, and forecast spending in 2013 of $0.50 million. YEC is proposing that amounts deferred will be closed and amortized over 5 years starting in 2014.

Request:
(a) Please provide details of YEC's District Heating programs and types of expenditures (including consultant costs) since 2007.
(b) Please provide details of the program costs and benefits / savings expected to be incurred in 2011, 2012 and 2013.
(c) Please provide details of how District Heating-related costs will be recovered from ratepayers and details of that recovery by rate class.

64) *Reference*: April 27, 2012 Application, Tab 5, Page 5-29
YEC is proposing spending on Liquified Natural Gas initiatives to end of 2011 of $0.169 million, forecast spending in 2012 of $1.500 million and another $1 million in 2013. YEC proposes to carry 2011 and 2012 costs in fixed assets WIP beyond 2012.

Request:
(a) Please provide details of YEC's Liquified Natural Gas programs and types of expenditures (including consultant costs) since 2007.
(b) Please provide details of the program costs and benefits / savings expected to be incurred in 2011, 2012 and 2013.
(c) Please provide details of how Liquified Natural Gas-related costs will be recovered from ratepayers and details of that recovery by rate class.

65) *Reference*: April 27, 2012 Application, Tab 5, Page 5-29
YEC is proposing spending on Geothermal initiatives to end of 2011 of $1.95 million (with amounts deferred to the end of 2011 closed and amortized over 10 years starting in 2012) and forecast spending in 2012 of $0.386 million (with amounts closed out at

end of 2012 and amortized over 10 years) and another $0.30 million in 2013 (to be closed and amortized over 5 years).

Request:
(a) Please provide details of YEC's Geothermal programs and types of expenditures (including consultant costs) since 2007.
(b) Please provide details of the program costs and benefits / savings expected to be incurred in 2011, 2012 and 2013.
(c) Please provide details of how Geothermal-related costs will be recovered from ratepayers and details of that recovery by rate class.

66) *Reference*: April 27, 2012 Application, Tab 5, Page 5-47
YEC states that the projected total 2012 and 2013 spending on deferred cost activities outside of major projects over $1 million totals $2.89 million in 2012, and a total of $2.7 million for 2013. Spending in 2012 and 2013 on each deferred cost activity between $100,000 and $1 million totals $2.61 million for 2012 and $2.60 million in 2013.

Request:
(a) Please explain the treatment of these projects for rate base purposes and the timing of them being added to rate base.
(b) Please provide a component breakdown of project expenditures by year for all projects with a cost estimate of $500,000 or more.

67) *Reference*: April 27, 2012 Application, Tab 7, Schedule 5

Request:
(a) Please update this table with 2007, 2008 and 2011 actuals.
(b) Please provide the allocation of total revenue requirements identified for 2007, 2008, 2009, 2010, 2011, 2012 and 2013 by rate class.

68) *Reference*: April 27, 2012 Application, Tab 7, Schedule 9

Request:
(a) Please update this table with 2007, 2008 and 2011 actuals.
(b) For each rate class, please provide a table showing revenues recovered in 2009, 2010 and 2011 above or below the allowed 2009 revenue recovery level.