

YEC takes issue with report's rate projections

By CHUCK TOBIN
Star Reporter

Energy spokeswoman Janet Patterson is dismissing suggestions ratepayers will be hit with another increase if Victoria Gold's Eagle Gold mine goes ahead.

Patterson said Monday the publicly owned utility maintains industrial customers can be hooked into the grid only if there's no negative impact on electrical rates.

But the Yukon Socio-economic and Environmental Assessment Board states in its draft assessment of the project that rates for residential and commercial customers could jump by 10 to 20 per cent if the mine moves into production as planned.

Yukon Energy would require more revenue from ratepayers to offset the cost of using diesel generation to provide for the additional load, according to the 282-page draft assessment of the proposal released this month for public review and comment.

Patterson, however, emphasized it's Yukon Energy's position that it is obligated by legislation to provide electricity to new customers, but *not* if it would cause an additional burden for ratepayers.

"We won't hook up another mine if it means rates will go up," she said. Yukon Energy president David Morrison has delivered that very message time and time again, Patterson noted.

"Whoever wrote this document

makes some assumptions that we don't necessarily agree with," Patterson added.

"For instance, they assume we would have to use diesel, and we have said we are not interested in firing up our diesels. We just do not want to fire up the diesels. We know how expensive it is."

She said until a power purchase agreement is negotiated with Victoria Gold, it's not possible to spell out the specifics about what the arrangement will be. But it won't mean a rate increase across the board, Patterson insisted.

Victoria Gold Corp. is proposing to begin construction of the open-pit operation 45 kilometres north of Mayo next spring, with plans to be in production in 2015.

Yukoners have until midnight Oct. 3 to make comments on the assessment board's draft screening report.

The board's executive committee says in its screening report that if 70 per cent of the load required by the Eagle Gold mine is supplied by diesel, the cost would be \$25 million per year.

Approximately \$13 million would be covered by sales to the mine, with the remaining \$12 million possibly being passed on to Yukoners, unless subsidized by another party, the executive committee predicts.

The committee concludes if the additional revenue required to cover the cost is passed on to all ratepayers, it could mean a 10 to 20 per cent



JANET PATTERSON

increase in rates, if approved by the Yukon Utilities Board.

The executive committee pointed out the cost of additional generation would be much cheaper if Yukon Energy converted to generation using natural gas, something the Crown corporation is entertaining as part of its 20-year resource plan.

Under the most costly scenario, given Yukon Energy's current application for a 12.9 per cent rate increase in 2012 and 2013, the 10 to 20 per cent hike noted by the assessment board would raise a monthly bill by \$15 to \$30.

Patterson said Yukon Energy is forecasting it will need more generating capacity in the near future, with

or without a new mine, and it's currently exploring ways to meet mounting demand without using more diesel.

She did not offer an opinion on what the utilities board might say about an application to raise rates to provide for the cost of a new mine.

"The role of the Yukon Utilities Board is to look out for ratepayers and make sure they are being charged a fair rate," she said. "So it would be up to the board to determine whether a 20 per cent increase would be a fair rate."

"That is all I can say about that, and I'm not going to second-guess what they might say."

The utilities board has scheduled a hearing in mid-November to hear submissions on Yukon Energy's request for a 6.4 per cent increase in 2012, retroactive to Jan. 1, and another 6.5 per cent boost in 2013.

The corporation maintains the hikes are due largely to keep pace

with aging infrastructure and inflation.

The 2012 increase was added to the monthly bills on July 1, on an interim basis, pending a decision by the utilities board following November's hearing. The job of the board is to either approve some or all of the requested increase, or nothing at all.

Currently, before taxes and the monthly subsidy provided by the territorial government, the average household in the Yukon pays \$136.05 per month for electricity.

The rate increase for 2012 would elevate that amount to \$144.17, according to Yukon Energy figures. Monthly rates would rise to \$154.17 in 2013.

The government currently provides a maximum monthly subsidy of \$26.62.

The subsidy is scheduled to end March 31, and the government has declined comment on whether it intends to extend it again.

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