List of Undertakings from 2012/13 GRA Hearing

Undertaking No	***Transcript Reference***	***Response Provided***
1.	Page 26, line 12	Pages 82-83, Exhibit B-18
2.	Page 26, line 23	November 19, 2012 Filing
3.	Page 28, line 12	November 16, 2012 Filing
4.	Page 29, line 8	Page 82-83, Exhibit B-19
5.	Page 31, line 12	November 16, 2012 Filing
6.	Page 38, line 2	November 19, 2012 Filing
7.	Page 41, line 15	Page 85, lines 8-13
8.	Page 69, line 17	Page 84, line 3 - UCG-YEC-1-31
9.	Page 76, line 22	Page 84, line 6 – 2009 Phase II GRA cost; Page 84, line 9 - Rider F cost
10.	Pages 80-81	Pages 84-85
11.	Page 88, line 12	November 19, 2012 Filing
12.	Page 93, line 1-8	Exhibit B-21, Pages 552-553
13.	Page 100, line 21	Pages 202-203
14.	Page 191, line 7	Pages 299-300
15.	Page 192, line 23	Pages 300-301
16.	Page 193, line 12	Page 301
17.	Page 304, line 2	Page 356
18.	Page 320, line 12	November 19, 2012 Filing
19.	Page 348, line 2	November 19, 2012 Filing
20.	Page 453, line 14	Exhibit B-20, page 552
21.	Pages 467-75	November 19, 2012 Filing
22.	Page 513, line 1	Page 554
23.	Page 572, line 16	November 19, 2012 Filing
24.	Page 581, line 6	November 19, 2012 Filing
25.	Page 584, line 21	November 19, 2012 Filing
26.	Page 594, line 10	November 19, 2012 Filing
27.	Page 611, line 20	November 16, 2012 Filing
28.	Page 612, line 14	November 19, 2012 Filing
29.	Page 632, line 17	November 16, 2012 Filing
30.	Page 640, line 25	November 19, 2012 Filing
31.	Page 642, line 11	November 19, 2012 Filing
32.	Page 651, line 11	November 16, 2012 Filing

Undertaking # 2 at Page 26, line 23

At page 26, Line 23 Mr. Mollard made an undertaking to provide to provide the third quarter financial results with respect to the 2012 actual and a brief description.

Yukon Energy Response:

Please see Attachment 1 to this undertaking response which provides 2012 Q3 YTD results.

In particular, please note the following:

- The 2012 Business Plan forecast is the same as the 2012 GRA forecast.
- All numbers included in Attachment 1 are for only 9 months of 2012 (January to September inclusive). These are year to date numbers that will change in the final 3 months of 2012.
- The large reduction in revenues from the Business Plan reflects Minto mine actual sales as noted and discussed at the oral hearing, which are consistent with the adjusted forecast provided by Minto (see Exhibit # B-16 [YEC's Opening Statement] and discussion at transcript page 652). Note, the full annual impact of the Minto forecast change for the GRA test years is as follows:
  - $1.024 million reduction in 2012 forecast revenues
  - $1.806 million reduction in 2013 forecast revenues

Yukon Energy Corporation
Statement of Earnings
For the Third Quarter Ended September 30, 2012
($000s)

		September Year To Date				
		2012 Actual	**Business Plan**	**Variance**	**% Variance**	**2011 Actual**
Revenue		26,895	28,013	(1,118)	(4)%	25,159
		26,895	28,013	(1,118)	(4)%	25,159
Labour		6,683	7,033	350	5 %	6,568
Non Labour						
Operations and maintenance	**1**	2,411	2,749	338	12 %	2,443
Administration	**1**	1,793	2,519	726	29 %	1,751
Depreciation & amortization	**2**	7,231	6,769	(462)	(7)%	5,201
Insurance		642	626	(16)	(3)%	588
Other taxes		242	234	(8)	(3)%	223
Fuel		361	376	15	4 %	2,553
Purchased power		18	30	12	40 %	32
Total operating expenses		19,381	20,336	955	1	19,359
Earnings from operations		7,514	7,677	(163)	(2)%	5,800
Other (income) expenses						
Interest on Long Term Debt		3,467	3,473	6	0 %	3,008
Other Interest Income		(51)	-	51	0 %	187
AFUDC		(490)	(375)	115	(31)%	(5)
Regulatory Loss		-	-	-	0 %	248
		2,926	3,098	172	6 %	3,438
Net earnings	**3**	4,588	4,579	9	0 %	2,362

NOTES

1 Positive variance in non-labour expense is primarily a timing difference that is expected to approximate budget by year end.

2 Variance in depreciation and amortization is due to business plans using GRA-applied for rates while YTD results are based on previously approved rates (the utility cannot use adjusted rates until approval received by the regulator).

3 Subject to shortfalls forecast with respect to Minto revenues, Yukon Energy generally expects to meet business plan targets.

Undertaking # 6 at Page 38, line 2

At page 38, Line 2 Mr. Mollard made an undertaking to provide the actual year-end expenditures on the Aishihik third turbine project in 2011.

Yukon Energy Response:

Actual spending on Aishihik Third Turbine Construction project in 2011 was $5.0 million.

Undertaking # 11 at Page 88, line 12

At page 88, line 12, Mr. Mollard made an undertaking to advise whether in 2009 the forecasted Yukon Energy 2008/2009 General Rate Application hearing costs were updated prior to the compliance filing based on the best estimates at the time.

Yukon Energy Response:

As reviewed below, the forecasted Yukon Energy 2008/2009 GRA hearing costs were updated during the course of the hearing, and prior to the compliance filing; however, the final Board Order setting approved hearing costs occurred after the compliance filing.

In the 2008/2009 GRA, the response to YECL-YEC-1-28 REVISED noted that the $800,000 estimate included in the 2008/2009 General Rate Application was a top-down, "placeholder" estimate and YEC did not have available any specific estimated amounts for consulting versus other services (such as travel or legal).

The initial estimate provided when the Application was being prepared was based on the assumption that, given the previous review in 2005, the process would be more efficient and costs would be less than experienced at that time. The interrogatory response noted that this assumption did not bear out and based on current information the forecast cost of the 2008/2009 GRA hearing process was updated to $1,100,000.

The April 24, 2009 Update filing, updated the estimates of hearing costs in the Application noting as follows:

> Updated Estimates of GRA Hearing Costs: Yukon Energy originally estimated hearing costs for the present proceeding at $800,000 and proposed to amortize these costs over 2 years. However, the scope of the proceeding to date has been well beyond that originally anticipated. In addition, Yukon Energy provided the placeholder GRA expense as a 2008 cost and consequently in rate base for 2008. As now known, most GRA hearing related costs will occur in 2009, which reduces the rate base amounts for 2008.
>
> As described in the April 1, 2009 Request for further information filing, Yukon Energy has incurred significantly higher than expected costs. The revised IR response to YECL-YEC-1-28(a) and (b) provides that the hearing process cost is now expected to be $1,100,000 determined based on the following estimates:

Consulting	$480,000
Legal	220,000
Misc Internal	50,000
Board/Intervenor Costs	350,000
	$1,100,000

Approximately $0.277 million of this amount occurred in 2008, with the remainder forecast to occur in 2009.

As previously noted, subsequent to the hearing, Yukon Energy and intervenors will be filing actual costs for the Board's review and approval, and all final approved values are expected to be included in the balance to ultimately be amortized.

The GRA filing proposed that the then-anticipated $0.8 million of hearing costs be amortized over the 2 test years (at $0.4 million per year). While hearing costs are now higher than forecast, Yukon Energy proposes that the annual amortization of these costs remain at $0.4 million per year, such that a forecast $0.3 million will remain to be amortized in 2010 before all amounts are amortized (assuming that YEC does not currently expect to file a rate application for the 2010 test year). These adjustments in 2008 and 2009 affect mid-year Rate Base (Schedule 1) as well as Amortization of deferred costs (Schedule 5); the overall impact is to reduce revenue requirement slightly in each test year.

Subsequent to the oral hearing, Order 2009-8 determined as follows (at paragraphs 122 to 124):

> The Board accepts YEC's evidence and submissions that the Board had addressed the manner in which YEC was to account for rate case costs in the 2005 Required Reviews and Related Matters hearing. Since 2005, YEC has capitalized its rate case costs and amortized such costs (as deferral costs) over a period or at a rate approved by the Board. In this Application, the Board notes that YEC proposes to continue with this approach to and seeks approval of the rate costs and their amortization period as follows:
>
> - $1.1 million estimated rate case costs for this Application which YEC proposes to amortize at $0.4 million for 2008 and 2009 and the remaining $0.3 million in 2010. Actual costs to be determined by the Board.
> - $0.643 million related to regulatory review of Yukon Energy's 2006-2025 Resource Plan, to be amortized over 10 years to be consistent with the anticipated frequency of full Resource Plan updates.

- $0.243 million related to the regulatory review of the Minto Explorations Power Purchase Agreement, to be amortized over 12 years consistent with the currently anticipated economic life of the spur line connecting to the Minto Mine.
- $0.185 million related to the regulatory review of the CSTP under Part 3 of the Public Utilities Act to be amortized over 45 years consistent with the approximate average life of the project assets.

> Furthermore, it is important to emphasize that YEC is not seeking to establish a rate case reserve account and had not established one in the past.
>
> For these reasons, the Board approves YEC's rate case costs as proposed, subject to the current hearing costs of this Application being determined by the Board in its hearing costs process. Therefore, the Board rejects YECL's arguments that YEC and YECL should be treated the same regarding the establishment of a rate case reserve because the factual basis which resulted in YECL being ordered to establish a rate case reserve in Board Order 2009-02 differs from the facts as they pertain to YEC. As a result, the Board is not convinced that the current Application costs being amortized over a 3-year period rather than two, is material to change the manner in which YEC has accounted for rate case costs.

The GRA compliance filing was approved in Order 2009-10 (November 5, 2009).

Order 2009-11 (December 7, 2009) awarded total hearing costs of $640,065.28 and directed YEC to amortize these hearing related costs over 2008 for $0.4 million and the balance in 2009, as set out in its GRA Application.

Undertaking # 18 at Page 320, line 12

At page 320, line 12 Mr. Mollard made an undertaking to provide to provide a breakdown of the miscellaneous amounts shown in line 13 of Tab 7, Schedule 6 of the Application.

Yukon Energy Response:

At page 320 of the 2012/13 GRA hearing transcript, Mr. Mollard made an undertaking to provide a breakdown of the miscellaneous income amounts for 2009, 2010 and 2011 shown in line 13 of Tab 7, Schedule 6 of the Application.

Table 1 below provides the breakdown of the miscellaneous income for 2009, 2010 and 2011. As noted in Note 1 to the table most of the interest income relates to the Minto loan, which was flowed through to YDC as the financing was provided by YDC (i.e. no net impact to YEC earnings from this interest income).

Table 1. Breakdown of Miscellaneous Income from Tab 7, Schedule 6, Line 13 ($000s)

Description	Actual 2009	Actual 2010	Prelim. Actual 2011
Miscellaneous Income from Tab 7, Schedule 6, Line 13			
Interest Income (Note 1)	1,165	1,221	310
Regulatory Gain/Loss (Note 2)	(65)	(58)	(248)
Total	1,099	1,163	61

Note 1: The interest income includes interest expenses calculated for Minto loan in the amount of $1.16 million in 2009, $1.13 million in 2010 and $0.09 million in 2011 which were flowed through to YDC as the financing was provided by YDC (i.e. no net impact to YEC earnings from this interest income for shown years).

Note 2: This account exists to track a) amounts specifically disallowed by the YUB as part of cost award proceedings and b) other amounts that are not generally claimable due to policy direction of the Board (e.g. Consulting administrative costs). For example, the $0.248 million amount in 2011 is comprised of the following disallowed costs: $0.238 million for the 2008/2009 Phase 2 Rate Application; $0.008 million for the Alexco PPA proceeding and $0.002 million for the Rate Schedule 39 Inflation Update proceeding.

Undertaking # 19 at Page 348, line 2

At page 348, line 2 Mr. Mollard made an undertaking to provide the order number for the proceeding in the 1990s in which the current policy was formally approved by the Yukon Utilities Board.

Yukon Energy Response:

The response to this undertaking was provided by Mr. Osler on transcript pages 592 to 593:

> Well, the Order-in-Council 1993-08 -- Board Order 1993-08 was a decision coming out of that hearing where a lot of these matters were addressed in a comprehensive matter. And certain costs were disallowed, and certain costs were entered into the books of the company.
>
> My -- subject to check so that we can sort of get this off our plate unless I find something different, I think that's the order. It doesn't explicitly approve the policy I'm advised, but it implemented the policy effectively by doing what Mr. Janigan described as making decisions of the Board as to what was prudent and what wasn't prudent.
>
> But costs of things that were finished in terms of not going anywhere, but studies over with were subsequently then amortized for the purpose of the hearing and the revenue requirement based on the policy as YEC had described it to the Board of its policy.
>
> So subject to check that's as good as we can do. I'm told that there isn't an explicit approval of the policy, but it was put into evidence in that hearing, and there were decisions made on matters the type of thing Mr. Janigan was describing, that after the prudency decisions were made, the rest of it was amortized over five years, and it was certainly dead.

In summary, as noted in the response to CW-YEC-1-33, the current planning cost accounting policy was developed in 1992 and filed with the YUB as part of IR response BD-YEC/YECL-124 during the 1993/94 General Rate Application. This policy was fully reflected in the approved revenue requirement through the amortization of planning study costs that were approved in that Order for deferred costs on projects that were being closed, i.e., not being continued for permitting and development. This policy continued to be the basis for treatment of such costs in the approved YEC/YECL revenue requirements for 1996/97 and subsequent YEC revenue requirements as approved for 2005 and 2008/09.

Undertaking # 21 at pages 466 to 475, and page 508

The discussion at transcript pages 466 to 475 indicated questions regarding the response to LE-YEC-1-14 as well as YECL-YEC-1-11 and Exhibit C-4-13. Specifically, at page 472, lines 19 to 22, Mr. Maissan noted, “The response to IR LE-YEC-1-14 on page 3 of 4 indicated low water. And yet the numbers seem to suggest above-average water -- sorry, hydro generation in each of those numbers. And I wanted to understand whether there was low water inflow or whether, to arrive at those higher numbers, water was used from storage, because the numbers suggest that there wasn't low water. The hydro generation numbers suggest there wasn't low water.”

Mr. Osler noted in discussion at pages 474, lines 19-25 and page 475, line 1, “The answer that the people who do this gave everybody was that it was relating to low water because the question came up even in preparing the GRA "Why did we burn so much diesel during this time period?" And the answer was the answer that you see on the transcript -- in the report. These numbers pose interesting questions as to, you know, how do you explain that, and I don't have a good answer at the moment.” Mr. Osler undertook to get more information (see transcript page 508, lines 3 to 14).

Yukon Energy Response:

The response to LE-YEC-1-14 shows diesel generation in December 2010 at 2.8 GW.h, followed by 2.4 GW.h in January 2011, 1.4 GW.h in February 2011, 3.1 GW.h in March 2011 and 1.7 GW.h in April 2011. These levels of diesel generation were consistently higher than shown in the same months during 2008 to 2010. More detailed review of this period shows that these higher diesel generation levels reflected the impact of both high loads (cold weather impacts) and constraints affecting water used for hydro generation:

- During the period from fall 2010 through spring 2011 Mayo Lake reservoir was low, historic low inflows occurred at Aishihik during 2010 (which reduced Aishihik reservoir compared to previous years), icing issues at Mayo reduced Mayo A hydro generation output by 27%, and downstream icing at Whitehorse also affected generation.

- Overall load was also higher than in other years shown here (cold weather impacts) in December, January and March in particular - it also remained high in February and April.

Undertaking # 23 at Page 572, line 16

At page 572, line 16 Mr. Osler made an undertaking to provide the Board with a continuity table of the fund for the years from the inception, 1995, to December 31st, 2011.

Yukon Energy Response:

The requested information is provided as Attachment 1 to this undertaking response.

This information highlights that approximately $2.8 million of withdrawals from the DCF occurred over the 1997-1999 period for non-water related purposes (i.e., general rate relief) pursuant to directions of the Board:

- Board Order 1997-7 directed a drawdown from the DCF to provide a 25% credit to the interim refundable general rider surcharge of 20% approved in Board Order 1997-6; this action was in response to an OIC direction as noted in the Board Order.

- Board Order 1998-5, which finalized YEC's 1997 rates, directed that the balance in the DCF be used to make contributions to all eligible customers to offset 100% of the net rider increases over the next 12 months.

Other YEC-related withdrawals were related to YEC hydro generation capabilities, including impacts on YEC hydraulic generation capabilities during the three last months of 1997 due to the October 1997 fire at the Whitehorse Rapids hydro facility.

Details on the history of the DCF (and its predecessor, the Low Water Reserve Fund set up by YEC in 1991), including Order 1999-3 approving additions and deletions to that time, were provided in the October 28, 2011 response to YUB-YEC-2-4 during the proceeding of the Board on Rider F.

YUKON ENERGY CORPORATION
DIESEL CONTINGENCY FUND
CONTINUITY SCHEDULE

FOR THE YEAR			
1996	Opening balance	500,000.00	
	YUB approved deposits	3,540,046.00	4,040,046.00
	YEC withdrawals - Fuel	(942,817.87)	
	YEC withdrawals - O&M	(189,048.95)	(1,131,866.82)
	YECL withdrawals		(325,803.92)
	Interest Income/Service Fees		188,741.49
	Ending Balance		2,771,116.75
1997	Opening balance		2,771,116.75
	YUB 1997/7 Drawdown		(346,275.62)
	YEC Whitehorse Hydro Plant Fire		516,167.23
	YEC drawdown - Fuel	(11,039.59)	
	YEC drawdown - O&M	(2,213.61)	(13,253.20)
	YECL withdrawals		(177,878.50)
	Interest Income/Service Fees		85,132.72
	Ending Balance		2,835,009.38
1998	Opening balance		2,835,009.38
	DCF Rider Drawdown		(1,283,018.76)
	YEC Forest Fire - Transfer impact to RFID		58,182.00
	YEC buildup - Fuel	399,743.47	
	YEC buildup - O&M	80,154.48	479,897.95
	YECL Net withdrawals		(12,958.18)
	Interest Income/Service Fees		158,646.58
	Ending Balance		2,235,758.97
1999	Opening balance		2,235,758.97
	DCF Rider Drawdown		(1,173,011.23)
	YEC buildup - Fuel	(943,298.36)	
	YEC buildup - O&M	(189,145.28)	(1,132,443.64)
	YECL Net withdrawals		-
	YEC Whitehorse Hydro Plant Fire		674,413.21
	Interest Income/Service Fees		43,291.97
	Ending Balance		648,009.28
2000	Opening balance		648,009.28
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		34,712.64
	Ending Balance		682,721.92

YUKON ENERGY CORPORATION
DIESEL CONTINGENCY FUND
CONTINUITY SCHEDULE

FOR THE YEAR			
2001	Opening balance		682,721.92
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		32,510.57
	Ending Balance		715,232.49
2002	Opening balance		715,232.49
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		19,135.69
	Ending Balance		734,368.18
2003	Opening balance		734,368.18
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		21,056.11
	Ending Balance		755,424.29
2004	Opening balance		755,424.29
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		16,296.98
	Ending Balance		771,721.27
2005	Opening balance		771,721.27
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		19,184.49
	Ending Balance		790,905.76
2006	Opening balance		790,905.76
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		29,701.89
	Ending Balance		820,607.65
2007	Opening balance		820,607.65
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	

YUKON ENERGY CORPORATION
DIESEL CONTINGENCY FUND
CONTINUITY SCHEDULE

FOR THE YEAR			
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		35,413.19
	Ending Balance		856,020.84
2008	Opening balance		856,020.84
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		26,672.56
	Ending Balance		882,693.40
2009	Opening balance		882,693.40
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		3,967.40
	Ending Balance		886,660.80
2010	Opening balance		886,660.80
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		4,443.48
	Ending Balance		891,104.28
2011	Opening balance		891,104.28
	DCF Rider Drawdown		-
	YEC buildup - Fuel	-	
	YEC buildup - O&M	-	-
	YECL Net withdrawals		-
	Interest Income/Service Fees		10,752.27
	Ending Balance		901,856.55

Undertaking # 24 at Page 581, line 6

At page 581, line 6, Mr. Osler made an undertaking to confirm whether the DCF fund as it existed includes Fish Lake. Specifically, Mr. Osler committed to confirm how the fund was administered historically.

Yukon Energy Response:

As reviewed in the continuity schedule response to Undertaking #23, the DCF, as previously existed, included YECL's Fish Lake and the total fund was administered by YEC.

Undertaking # 25 at Page 584, line 21

At page 584, line 21, Mr. Osler made an undertaking to confirm whether the assumption that Aishihik 3rd turbine provides more than 4 gigawatt hours per year of diesel displacement is still valid with Mayo B in-service. Please note that the undertaking at page 584, line 21 of the transcript in error references Mayo B benefits.

Yukon Energy Response:

The question referenced footnote #5 at page 5-9 of the GRA which states that Aishihik Third Turbine diesel displacement under long term average hydro availability exceeds 4 GW.h/year over the range of load of 450 GW.h/year and higher with no Mayo B, noting that the Aishihik Project was committed prior to Mayo B being committed.

Similar analysis with Mayo B shows Aishihik Project diesel displacement at 3.4 GW.h/yr at grid load of 450 GW.h/yr (versus 4.3 GW.h/yr with no Mayo B) and 4.4 GW.h/year at 500 GW.h/year (versus 4.8 GW.h with non Mayo B).

Undertaking # 26 at Page 594, line 10

At page 594, line 10, Mr. Mollard made an undertaking to check for the information referred to regarding Ms. Bentivegna's question re YEC asking that the costs be amortized and Mr. Osler's reference to the examples of that which Mr. Janigan was asking.

Specifically, Mr. Osler was commenting on transcript pages 592 to 593 regarding Board Order 1993-08 where YEC's previous planning study cost accounting policy was discussed and certain such costs were disallowed certain other such costs were entered into the books of the company – at page 593 he said the following prior to the undertaking:

> But costs of things that were finished in terms of not going anywhere, but studies over with were subsequently then amortized for the purpose of the hearing and the revenue requirement based on the policy as YEC had described it to the Board of its policy.
>
> So subject to check that's as good as we can do. I'm told that there isn't an explicit approval of the policy, but it was put into evidence in that hearing, and there were decision made on matters the type of thing Mr. Janigan was describing, that after the prudency decisions were made, the rest of it was amortized over five years, and it was certainly dead. Whether it was this matter or that matter, that wasn't going any further at that time.

Yukon Energy Response:

The discussion on the transcript at pages 592 and 593 addressed how Board Order 1993-08 had addressed matters arising from the previous YEC planning study costs accounting policy as regards projects that had ended without proceeding to construction (similar to Atlin project today). Such costs as approved for prudence were included in rate base and amortized over 5 years.

As regards the treatment of other planning study projects that had not yet ended (either due to the project being stopped or it being developed), it is confirmed that the previous YEC planning study costs accounting policy kept such projects in WIP until the project's fate was resolved.

Undertaking # 28 at Page 612, line 14

At page 612, line 14, Mr. Morrison made an undertaking to provide a year-by-year description of the work to be completed on the Gladstone Diversion project with commensurate forecast annual costs of what YEC believes it will be spending.

Yukon Energy Response:

Please see below for a year by year description of work to be completed on the Gladstone Diversion project with commensurate forecast annual costs in the event that this project was to proceed to come into service in late 2017 (earliest possible in-service date) at a forecast capital cost of $40 million (2010$).

• Costs incurred to end of 2011		$3.7 million
• GRA test year forecast costs:		
o 2012 - Baseline work, FN consult		$0.2 million
o 2013 - Work on EA		$0.5 million
• 2014 - EA submission & Review		$2.6 million
• 2015 - Permitting, YUB review, tendering		$1.5 million
• 2016/2017 - Construction		$31.5 million
	Total	$40.0 million

The above reflect initial internal estimates of a possible development plan with GRA forecasts assumed for 2012 and 2013 - beyond 2013, however, no such plan has been approved at this time. As noted in the GRA, and in response to YUB-YEC-2-8, activities during 2012 are directed at addressing and resolving regulatory risks and the need to resolve arrangements with the local First Nations - and ongoing expenditures after 2012 will be dependent on success in this regard.

Undertaking # 30 at Page 640, line 25

At page 640, line 25, Mr. Morrison made an undertaking to advise as to what the project are that are referred to at page 5-61 of the application and the reference to a hydro storage and generation prefeasibility.

Yukon Energy Response:

The discussion at page 640 of the transcript noted that at page 5-61 there are two projects referred to as hydro storage and generation prefeasibility (one at $409,335 total spent and the other at $185,082 total spent). The referenced lines were in fact one project completed in two phases.

These studies were completed by the end of 2008 (see Table 5.3 at page 5-53) and, as shown in Table 5.7 at page 5-61, by the end of 2013 will have been fully amortized over 5 years.

In summary, the 2006-2025 Resource Plan laid the groundwork for YEC to proceed with investigation of potential hydro generation opportunities to meet expected load growth in Yukon. At initial scoping, four sites were identified as potential storage enhancements to the Whitehorse Rapids Generating Station – these are Tutshi Lake, Racine Lake, Fantail Lake and Skelly Lake. As well, three potential hydro generation sites (Mayo B, Drury Lake, Moon Lake) were included in this study. For each site, an office study was conducted to generate:

- the quantity and seasonality of storage potential on each lake;
- Location and concept for physical works;
- Cost estimating to allow for project screening;
- Field locate sites and confirm optimal siting; and
- Air recon level drawings of potential sites.

The second phase of the project included additional sites – Atlin River, Mayo Lake, Mayo third turbine, Aishihik diversions and the Taiya project.

This work formed the foundation for the company to move ahead with the Mayo B project in late 2008 as a preferred next stage hydro project.

Undertaking # 31 at Page 642, line 11

At page 642, line 11, Mr. Morrison made an undertaking to advise as to whether the reference on page 5-61 of the application is a reference to a hydro storage and generation prefeasibility. Specifically, Ms. Bentivenga noted “There's a reference to a $2.6 million hydrology project. And my question is, so was that part of the geothermal project?”

Yukon Energy Response:

There is no reference in Table 5.7 at page 5-61 of the Application to “a $2.6 million hydrology project”.

Table 5.7 at page 5-61 shows for the geothermal project the following for “Geothermal – Preliminary Eng and Environmental Studies”:

- $2,333,165 forecast to be spent prior to 2013 (costs start to be amortized at the end of 2012 at $194,741; amortized costs equal $271,892 in 2013);
- $300,000 forecast to be spent in 2013;
- Total forecast spending as at end of 2013 at $2,633,165.