

March 23, 2026

Ms. Lesley McCullough, Chair
Yukon Utilities Board
Box 31728, Whitehorse, YT Y1A 6L3

Dear Ms. McCullough:

Re: 2025 Low Water Reserve Fund Report and Energy Reconciliation Adjustment Filing – Revised

On February 26, 2026, Yukon Energy Corporation (Yukon Energy or YEC) filed its Annual Report summarizing the Low Water Reserve Fund (LWRF) and Energy Reconciliation Adjustment (ERA) for 2025 with the Yukon Utilities Board (Board).

During the preparation for the annual audit and financial statements, Yukon Energy performed its reconciliation of the generation numbers and identified that the previously reported diesel rental generation numbers were inaccurate due to the metering module replacement in one of the diesel rental units. The generation numbers have been corrected, and the LWRF calculations have been revised, resulting in about \$0.131 million reduction in the LWRF transfers:

- The resulting overall gap between LTA and actual thermal generation for the 2025 load equals 77.635 GWh [compared to 78.009 GWh in the original filing] as shown in Table 1-1, L18, including 42.842 GWh diesel [compared to 43.354 GWh in the original filing] and 34.793 GWh LNG [compared to 34.654 GWh in the original filing].¹ The resulting withdrawal required from LWRF for 2025 is \$22.428 million [compared to \$22.559 million in the original filing].
- The closing balance on December 31, 2025 at -\$7.878 million [compared to -\$8.009 million in the original filing [a negative balance indicates a cost to ratepayers]].²

The change has also been reflected in the ERA calculations in Attachment 2, Table 2-1, however, there is no change in the outcome, and no ERA is required for 2025 [the changes are to the generation numbers as well as the line losses].

Please see revised Attachment 1 - LWRF Calculations for 2025 and Balance Updates and Attachment 2 – 2025 ERA Filing.

¹ The change in the LNG is due to a change in the fuel mix, with the diesel share at 55% in the revised compared to 56% in the original filing.

² There are no changes in the interest expense calculations, as the interest expense is calculated based on the ending balance of the previous month, as shown in Table 1-2 a included in the excel file, with the formula intact. In the original filing, Yukon Energy by error stated that a negative balance indicates a benefit to ratepayers.



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If you have any questions regarding the above, please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Jason Epp", is positioned above the printed name.

Jason Epp
Vice President, Finance and
Chief Financial Officer

ATTACHMENT 1: LWRP CALCULATIONS AND BALANCE UPDATES FOR 2025 - REVISED

Table 1-1: LWRP Calculations

Line No		2025 Annual	Source References
L1a	Diesel Fuel Cost per kW.h	32.19 cents/kW.h	
L1b	LNG Fuel Cost per kW.h	24.82 cents/kW.h	2025-27 GRA Average Fuel cost
L1c	GRA YIS firm Load forecast	517,658 MW.h	
L1d	GRA LTA Thermal Generation forecast	63,857 MW.h	
Calculation of Thermal Cost to Charge (Refund) LWRP			
L2	YEC Grid firm load	513,624 MW.h	Metered grid load net of secondary sales
L3	Fish Lake	5,648 MW.h	Actual generation as provided by AEY
L4=L2+L3	Total Grid load	519,272 MW.h	
Assumed Actual Generation Sources			
L5	YECL Fish Lake	5,648 MW.h	Actual generation as provided by AEY
L6	YEC Hydro	362,175 MW.h	Calculated as L2-L7-L8
L7	YEC Thermal	136,643 MW.h	Total of diesel and LNG
	Diesel	75,468 MW.h	Actual metered diesel generation
	LNG	61,174 MW.h	Actual metered LNG generation
L7a	YEC Diesel/LNG charged to capital, RFID and maintenance	143 MW.h	Total of diesel and LNG
L7a1	Diesel	143 MW.h	Diesel charged to capital, RFID and maintenance
L7a2	LNG	- MW.h	LNG charged to capital, RFID and maintenance
L7b=L7-L7a	YEC Net Diesel/LNG	136,500 MW.h	Total of diesel and LNG
L7b1	Diesel	75,326 MW.h	Net of diesel to capital, RFID and maintenance
L7b2	LNG	61,174 MW.h	Net of LNG to capital, RFID and maintenance
L7b3=L7b1/L7b	Diesel % of total net thermal	55%	
L8	IPPs	14,806 MW.h	Actual IPP purchases
L9	Total Grid load	519,272 MW.h	Total grid firm load net of secondary
LTA Expected Generation Sources			
L10	AEY Fish Lake (expected)	8,730 MW.h	Fish Lake Long-term average [Note 1]
L11	IPPs	17,717 MW.h	LTA IPP purchases [Note 2]
L12=L9-L10-L11	YEC Grid load net of expected Fish Lake and IPP	492,825 MW.h	
L13=L12-L1c+L11	Load Variance	-7,115 MW.h	
L14	LTA Thermal Generation at Actual Load	58,865 MW.h	Calculated based on LTA Thermal Calculation Table [please see below for details of calculation]
L15=L7b/L14	Actual Thermal Generation as % of LTA Thermal Generation	232%	
L16=L14	Expected YEC Thermal Generation in Rates	58,865 MW.h	
L16a	Diesel	32,484 MW.h	Total thermal less LNG below.
L16b	LNG	26,381 MW.h	80% of total thermal, subject to not exceeding total thermal less estimated diesel or actual diesel
L17=L7b	YEC Net Thermal Generation	136,500 MW.h	
L17a=L7b1	Diesel	75,326 MW.h	
L17b=L7b2	LNG	61,174 MW.h	
L18=L17-L16	YEC Thermal Generation to be included in LWRP	77,635 MW.h	
L18a=L17a-L16a	YEC Diesel Generation to be included in LWRP	42,842 MW.h	
L18b=L17b-L16b	YEC LNG Generation to be included in LWRP	34,793 MW.h	
L19=L1axL18a+L1bxL18b	Incremental YEC Thermal Generation Cost to Charge (Refund) LWRP (\$000s)	\$22,428	

Notes:

- The approved Fish Lake generation in AEY's 2023/24 GRA was 7.822 GWh for 2023 and 10.143 GWh for 2024, which were based on expected water conditions to those test years. The OIC 2021/16 requires use of long-term average renewable resource energy for generation forecasting used to set rates. Therefore, Fish Lake expected generation is assumed at 8.730 GWh, which is based on long-average generation as approved by YUB Order 2014-06.
- As per LWRP Term-Sheet, the actual YIS load for this assessment is net of long-term average annual (i.e., expected) availability for all renewable sources other than YEC hydro generation, including Fish Lake hydro, and IPP renewable generation based on available information. 2025 was the first year with all seven IPPs connected for the whole year. Therefore, the LTA forecast from the 2025-27 GRA is used.
- The fuel mix calculations in L16a and L16b have been revised to reflect approved fuel mix of 80% diesel and 20% LNG in the 2025-27 GRA.

LTA Thermal Calculations for 2025 for Line 14 in Table 1-1

	MWh
1 YEC Grid load net of Fish Lake and IPPs [Table 1-1, L12]	492,825
2 Rounding to Lower Five Thousand	490,000
3 Expected LTA Thermal at Rounded Load [2025-27 GRA, App 2.1, Table 2.1-1]	56,916
4=1-2 Load above Rounded Load	2,825
5 LTA Thermal as % of Incremental Load [2023/24 GRA, App 2.1, Table 2.1-1]	69%
6=4*5 LTA Thermal above Rounded Load	1,949
7=3+6 Total LTA Thermal	58,865

Table 1-2: LWRF Continuity Schedule

Year (Note 1)	Opening Balance (Note 2)	Water Availability (LTA) Adjustment (+/-) (Note 3)	Finance Charge (+/-) (Note 4)	Adjustment for balances outside fund caps (Note 5)	Other Adjustments (Note 6)	Ending Balance	Active (A)/Inactive '(I) (Note 7)
1989	2,000					2,000	I
1990	2,000					2,000	I
1991	2,000	10				2,010	A
1992	2,010	290				2,300	A
1993	2,300				-400	1,900	I
1994	1,900				-1400	500	I
1995	500					500	I
1996	500	-1,458	189		3,540	2,771	A
1997	2,771	-191	85		170	2,835	A
1998	2,835	467	159		-1,225	2,236	A
1999	2,236	-1,132	43		-499	648	A
2000	648		35			683	I
2001	683		33			715	I
2002	715		19			734	I
2003	734		21			755	I
2004	755		16			772	I
2005	772		19			791	I
2006	791		30			821	I
2007	821		35			856	I
2008	856		27			883	I
2009	883		4			887	I
2010	887		4			891	I
2011	891		11			902	I
2012	902	3,715	11			4,628	A
2013	4,628	3,518	52			8,198	A
2014	8,198	1,342	87			9,627	A
2015	9,627	1,974	53	-759		10,895	A
2016	10,895	990	54	-2,454		9,485	A
2017	9,485	0	86	-2,861		6,710	A
2018	6,710	-534	76	-2,874		3,379	A
2019	3,379	-6,268	-7	-1,004		-3,900	A
2020	-3,900	-352	-20	0		-4,272	A
2021	-4,272	7,019	-3	0		2,744	A
2022	2,744	7,151				9,895	A
2023	9,895	5,791	629			16,314	A
2024	16,314	-3,067	1,012	-79		14,181	A
2025	14,181	-22,428	594	-225		-7,878	A
2026	-7,878						

Notes:

1. Year refers to the YEC calendar year, ending December 31.

2. Balance at start of fiscal year in YEC fund to address YEC thermal generation cost changes from forecast due to changes in water availability. This fund's name and terms have varied over the years, e.g., low water fund, Diesel Contingency Fund (DCF), Low Water Reserve Fund (LWRF). YEC's first GRA filing for the 1989/90 GRA indicated that a reserve of \$2 million had been established by YEC out of retained earnings in 1987 to assist in maintaining rate stability in the event of increased costs to produce electricity by diesel generation at times of low water conditions and shut downs of hydro facilities. Subsequent changes to the fund are due to factors as explained in the table based on the approach approved for the calculations in place at the time. A positive balance means owing to customers while a negative balance owing to YEC.

3. Water Availability Adjustment refers to the annual adjustment to the LWRF due to the difference between forecast renewable generation and actual renewable generation based on the approach approved for the calculations in place at the time. Long-term average (LTA)

forecasts for water availability were first approved for setting rates in the 1996/97 GRA (Order 1996-7). Where relevant, adjustments address wind or other non-hydro variances in renewable energy availability.

4. Finance charge refers to the change in the LWRF due to interest or equivalent calculations.

5. When the fund is outside its caps (currently set at +/- \$16 million), YEC must request a rider to either charge or refund to customers amounts to bring the balance of the LWRF within the boundaries of the fund caps. The 2024 LWRF annual report shows \$0.074 million refund in 2024, the actual final amount was \$0.079 million impacting the closing balance for 2024.

6. Other adjustments reflect the following:

a. In response to closure of the Faro mine and its impact on YEC rates and reserve requirements for potential low water conditions, Board Order 1993-8, section 5.1.4.3 approved a \$0.4 million allocation to 1993 and a \$1.4 million allocation to 1994 as an offset to the 1993 and 1994 revenue requirements.

b. The adjustment for 1996 reflects the Settlement approved in Order 1996-7 to replenish the DCF using funds from pre-1996 reserves related to the Faro mine bad debt payment and net recoveries related to reopening of the Faro mine.

c. The adjustments for 1997, 1998 and 1999 reflect credits applied as per Board Order 1997-7 related to Faro mine closure as well as adjustments related to Whitehorse Hydro Plant Fire and Forest Fires [RFID related transactions].

7. Indicate whether the LWRF was active or inactive for that given year. Inactive periods occurred when mine closures reduced hydro grid loads to levels where water availability was not expected to materially affect thermal generation costs. The table reflects years when actual renewable availability ended up impacting the LWRF/DCF (even if actual YUB decisions related to such changes to the fund were deferred until subsequent years).

ATTACHMENT 2: 2025 ERA FILING - REVISED

Table 2-1: ERA Determination for 2025

	2025		Source References
A Wholesales Variance for AEY (MW.h)			
Actual firm wholesales	383,768	A1	Actual metered sales
GRA approved wholesales assuming Fish Lake LTA generation	373,662	A2	See note 1
Fish Lake generation adjustment (expected LTA less actual)	3,082	A3	See note 2
Change in wholesales for ERA	7,025	A4=A1-A2-A3	
B YEC Cost Impact per kW.h change in Wholesales			
Losses (%)	8.35%	B1	Actual line losses for 2025
Total YEC's actual generation net of secondary (MWh)	492,825	B2	Attachment 1, Table 1-1, L12
GRA approved firm load forecast (MWh)	517,658	B3	Attachment 1, Table 1-1, L1c
YEC incremental generation relative to GRA approved (MWh)	-24,832	B4=B2-B3	
YEC's actual LTA Thermal Generation (MWh)	58,865	B5	Attachment 1, Table 1-1, L14
GRA LTA Thermal Generation (MWh)	63,857	B6	Attachment 1, Table 1-1, L1d
YEC Incremental thermal generation relative to GRA approved (MWh)	-4,992	B7=B5-B6	
Incremental thermal generation for incremental total generation (%)	20.10%	B8=B7/B4	Calculated
Thermal Generation cost per GRA (\$/kW.h)	0.2629	B9	See note 3
YEC thermal cost change (\$/kWh wholesales)	0.0573	B10=B9*B8*(1+B1)	Calculated
C YEC Revenue Impact per kW.h change in Wholesales			
Rate Schedule 42 Energy Charge (\$/kW.h wholesales)	0.08298	C1	Approved wholesale rate
Average YEC rider applicable to AEY retails (\$/kWh wholesales)	0.12943	C2	See note 4
D Net thermal cost impact on YEC (\$000)			
Wholesale Change: Cost Impact (YEC thermal generation costs)	402	D1=A4*B10	Calculated
Wholesale Change: Revenue Impact (YEC revenues)	1,748	D2=A4*(C1+C2)+A3*C1	Calculated
Cost change>revenue change ("Yes"=1, "No"=0)	0	D3=1 if D1>D2 (absolute)	Calculated
ERA Charge (rebate) to AEY [Net added cost (cost saving) for YEC]	0	D4=D3*(D1-D2)	Calculated

Notes:

1. Approved wholesales for 2025 based on 2025-27 GRA.
2. Fish Lake generation adjustment reflects the variance between the approved LTA generation of 8,730 MWh and actual generation at 5,648 MWh.
3. The thermal generation cost of 0.2629 as per 2025-27 GRA.
3. The average Rider is estimated based on total Rider J revenues from AEY retail customers for 2025 as per YEC's 2025-27 GRA Compliance Filing, divided by wholesales.