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Our file no.: 12276-83

January 20, 2009

Yukon Public Utilities Board
Box 31728
Whitehorse, Yukon
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Att: Ms. Wendy Shanks
Board Chair

YUKON UTILITIES BOARD		
EXHIBIT C1-4		
DAY	ENTERED BY	DATE
	YECU	Jan 20 09

Dear Ms. Shanks:

**Re: Yukon Energy Corporation ("YEC")
2008-2009 General Rate Application**

The Yukon Electrical Company Limited ("Yukon Electrical") has reviewed the submissions made by the City of Whitehorse (the "City") on January 14, 2009 and considers it appropriate that Yukon Electrical likewise clarify its position with respect to Phase II matters (such as rate design) in the forthcoming YEC Phase I Application.

As indicated at the Pre-Hearing Conference regarding the referenced matter, and also as stated in its position regarding interim rates for YEC, Yukon Electrical is of the view that Phase II matters, including rate design, are more appropriately dealt with in a "joint" filing made by YEC and Yukon Electrical. This, in fact, had been what was contemplated at the time Yukon Electrical filed its 2008-2009 Phase General Rate Application (see p. 1-5 of Yukon Electrical's Phase I Application) based on discussions with YEC.

While YEC maintains that the goal of regulatory efficiency will be advanced by hearing selected Phase II issues, such as rate design within rate classes, as part of the forthcoming Phase I Application, Yukon Electric does not share this view. In fact, if YEC's proposal is allowed to proceed, Yukon Electrical will have no choice but to file its own rate design proposal, which in effect will create "competing" Phase II applications. This adversarial approach will have occurred without the benefit of any discussions between YEC and Yukon Electrical on Phase II issues, that would also include Terms and Conditions, investment levels, etc., all of which should properly be examined by the Board.

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Yukon Electrical does not consider this to be an efficient process and to pursue this course of action will inevitably lengthen the forthcoming YEC proceeding. As the Board is aware, YEC and Yukon Electrical currently share common rate schedules and it is wholly inappropriate for YEC to seek changes that impact Yukon Electrical and its customers without ever raising these matters with Yukon Electrical. The Board should not encourage this type of action.

Yukon Electrical reiterates its request that the Board defer all Phase II issues, including rate redesign, until both companies have filed a joint application with the Board. In addition, Yukon Electrical submits that a Board sponsored workshop, that would facilitate input from all parties on the content and scope of a Phase II proceeding, would be useful in establishing an efficient process for the hearing of all Phase II matters.

Yours truly,

BENNETT JONES LLP

K. Worth / for

Loyola G. Keough

Counsel for Yukon Electrical