



April 1, 2009

Ms. Wendy Shanks
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 63L

YUKON UTILITIES BOARD		
EXHIBIT B-9		
DAY	ENTERED BY	DATE
	YEC	April 09

Dear Ms Shanks:

Re: Yukon Electrical Company Ltd (YECL), Utilities Consumer's Group (UCG), and City of Whitehorse (CW) Requests for Further Information

A. Overview of Intervenors' Applications

In letters dated March 19, 2009 and March 24, 2009, YECL and UCG respectively made applications for further information from Yukon Energy arguing that the information provided in responses filed February 27, 2009 and March 6, 2009 was not fully responsive. The Board by letter dated March 25, 2009 invited other intervenors to provide comments by March 30, 2009 and provided YEC with the opportunity to respond to the requests and any comments from intervenors by April 1, 2009. On March 27, 2009, CW provided its comments, noting two interrogatory responses it argued were not fully responsive and its application for further information from Yukon Energy, and the Board invited other intervenors to provide comments by 9:00 am March 31, 2009 and provided YEC with the opportunity to respond to the requests and any comments from intervenors by 9:00 am April 2, 2009.

Outlined below is Yukon Energy's response to the arguments of YECL, UCG, and CW in the order that the applications were received.

At the outset, however, Yukon Energy responds separately to the March 24, 2009 UCG request that YEC provide an indication on when it will be providing its 2008 update and

when more complete responses will be provided to specific information requests deferred by YEC to the update.

B. 2008 Updates

The issue of a 2008 update (to take into account actual 2008 results) has been discussed on a number of occasions during the regulatory process, most recently in Yukon Energy's responses to various IRs. In those IRs Yukon Energy noted that the 2008 financial statements were in the process of being finalized and therefore the requested information based on preliminary actual 2008 results was not then available. Yukon Energy also noted that pursuant to section 25(1) of the Public Utilities Act, Yukon Energy was required to file its annual financial filing for 2008 by March 31.

Yukon Energy's 2008 s 25(1) financial filing is now complete and as a result Yukon Energy will shortly be in a position to confirm 2008 unaudited results in the form of Tab 7 to the Application.

Yukon Energy intends to utilize the approach adopted in the 2005 Required Revenues and Related Matters Application where the hearing was also after Yukon Energy's March 31 filing. Accordingly, consistent with that approach, Yukon Energy anticipates it will be able to provide a 2008 update (along with updates to several interrogatory responses) by April 24, 2008. It is noted this timing will allow parties the same time (10 days) for review prior to the hearing as occurred in 2005.

C. YECL Requests for further information

YECL asserts that "appropriate responses" have not been provided in a number of interrogatory responses. Yukon Energy notes that it was fully responsive to the questions as they were posed; however, where possible and relevant YEC has attempted below to clarify its responses, including elaborating on instances where requested information is either not available or not practicable to provide. Yukon Energy also notes instances where YECL's requests in effect go beyond the original IR posed to YEC.

YECL-YEC-1-2(a) – YECL initially requested YEC provide in excel format monthly data for 2005 (Approved and Actual), 2006 Actual, 2007 Actual and 2008 and 2009 forecast that supports the annual totals. YECL's March 19, 2009 letter requests that YEC "answer the remaining components of the question", i.e., provide the monthly data as forecast for 2008 and 2009, with break out of diesel generation as requested (by peak generation, other planned operating and maintenance, and unplanned operation due to loss of hydro availability).

Yukon Energy's answer was fully responsive to YECL's question. In YEC's filed response, the requested historical information for 2005 through 2007 was provided but the 2008 and 2009 forecast information was not. YECL's new request ignores Yukon Energy's response that the forecast 2008 and 2009 information as requested is not available in the requested format. To clarify further, Yukon Energy's Application has provided on an annual basis the forecast information for 2008 and 2009 that is available as to the requested break outs for diesel generation (see section 3.2); this information is not available by month.

YECL-YEC-1-5(b) – YECL initially requested a detailed business case for the Mayo B Expansion, including all options considered, anticipated financing arrangements, and expected customer contributions (by source and amount). In its March 19, 2009 letter, YECL notes that the required information regarding the significant feasibility study costs of \$7.6 million leading to a \$120 million capital project was not provided, and requests YEC provide detailed business case for the Mayo B Expansion including (this includes new information requests) "NPV analysis, alternatives examined, benefits to customers and risks of not proceeding".

Yukon Energy's answer was fully responsive to YECL's question. Its response referred to YUB-YEC-1-38, which addressed matters relating to Mayo B to the extent YEC is able to do at this time. To clarify further, the relevant information currently available regarding the rationale for this expenditure has been provided in the Application (see page 5-20) and in responses to interrogatory requests (see YUB-YEC-1-38 and UCG-YEC-1-89). On February 27, 2009 Yukon Energy also filed with YESAB a Mayo B Project Proposal¹ submission that provides more detailed information as required to support the required environmental and socio-economic assessment of this project. Anticipated financing arrangements and contributions are not known at this time. The net cost of the project to YEC will depend on contributions from government that are currently being determined.

Yukon Energy notes that the Mayo B Expansion expenditures included in the Application are all in Work In Progress, and do not materially affect the rate base or rates sought to be approved by the Board at this time. Yukon Energy is not seeking at this time approval from the Board for the addition of the Mayo B Expansion to rate base.

¹ The Mayo B Project Proposal is available on Yukon Energy's website at the following link: <http://www.yukonenergy.ca/about/projects/mayob/>. See also, YESAB Registry at the following link: <http://www.yesab.tzo.com/wfm/launch/YESAB>.

YECL-YEC-1-8(b) – YECL initially requested that YEC provide a business case and regulatory models associated with Phase 2 of the CSTP including Net Present Value analysis with and without Alexco Mine, identifying anticipated customer contributions required and parties expected to make contributions and when.

Yukon Energy’s answer was fully responsive. Its response noted that the requested analysis cannot be provided at this time and would be prepared at such time as government funding arrangements are finalized. CSTP remains under active planning.

For further clarification, the relevant information currently available regarding the rationale for expenditure has been provided in the Application (see page 5-20) and in responses to interrogatory requests (see PWP/HML-YEC-1-27, UCG-YEC-1-74, YUB-YEC-1-3(c)).

Yukon Energy notes that the CSTP Stage 2 expenditures included in the Application are all in Work In Progress, and do not materially affect the rate base or rates sought to be approved by the Board at this time. Yukon Energy is not seeking at this time approval of the Board for the CSTP Stage 2 Project.

YECL-YEC-1-11(a) – YECL initially requested YEC to provide the capital approval process and authorities required to be obtained for its capital projects. YECL’s March 19, 2009 request notes that YEC’s response indicated that this process has changed since 2008; on the basis that 2008 is a test year, YECL is now requesting further information on the process previously in place in 2008 “highlighting the differences, with a detailed explanation of the reasons supporting the changes.”

YEC’s answer was fully responsive to the question posed. However, for clarification the recent changes referred to were not material. They were implemented to enhance the approval process -- more specifically a new form was developed to clarify when project managers are requesting funding for a solution to an issue as opposed to requesting funding to study an issue. The approvals required to initiate a project have not changed and all other controls remain in place.

YECL-YEC-1-11(d) – YECL initially requested that YEC provide detailed business cases for all projects in excess of \$1M, as shown at lines 8-18 page 5-3 of the Application, including cost of alternatives considered and an NPV calculation for each option. YECL’s March 19, 2009 request states that YEC “referred back to its application which in turn refers to the 20-Year Resource Plan”, and requests that YEC provide “the portions of the Resource Plan upon which they are apparently relying....and [explain] how this information provides justification for the requested projects.”

Yukon Energy's answer was fully responsive. Its response directed YECL to section 5.2.1 of the Application (which provides comprehensive information separately for each of the five projects over \$1 million) and the response to CW-YEC-1-29, which provides a discussion of business cases for each project over \$1 million. Both the Application (at section 5.2.1) and the response to CW-YEC-1-29 note that business cases for four of the five projects over \$1 million were reviewed during the 20-Year Resource Plan hearing process. Further, recommendations were provided by the YUB to government as part of the Resource Plan hearing process (e.g., CSTP, Mirrlees Diesel rebuilds at Whitehorse and Faro, and Aishihik 3rd Turbine) and as part of the Part 3 hearing process (e.g., CSTP Stage 1 and also Aishihik 3rd Turbine update). These extensive earlier reviews addressed the rationale, options, and initial cost estimates, as well as benefits and potential impacts of the projects on ratepayers. Yukon Energy has noted that updated information provided in Section 5.2.1 has not fundamentally changed the earlier rationale and business case for each of these projects.

Section 5.2.1.2 of the Application addressed the comprehensive business case for the Minto Diesels, which were reviewed as part of the PPA hearing process, but which the Board had not previously recommended. Further discussion of the Minto Diesels was provided in response to YUB-YEC-1-36.

Responding to YECL's request to file portions of the Resource Plan and to explain how such information justifies the requested projects, Yukon Energy notes that not only did its initial response go beyond relying on the Resource Plan per se, but that one of the major rationales for the Resource Plan review by the YUB, as well as the Part III hearing review by the YUB, was to allow the YUB and intervenors to review the rationale for YEC's near term major projects with expected costs in excess of \$3 million. The recommendations of the YUB from each of these proceedings is part of the public record, and Yukon Energy can see no useful purpose in YECL's request to revisit the earlier detailed applications or hearing record again in the current proceeding.

In summary, Yukon Energy submits that the relevant information currently available regarding the rationale for each of these major project expenditures has been provided.

YECL-YEC-1-19(d) – YECL initially asked YEC to provide details of the wholesale sales WAF load growth for the 2001-2004 period averaging 2.2% per year as well as the more recent experienced growth rate in WAF wholesale sales from 2004 - 2007 of 2.5% per year and to explain the major underlying drivers of growth experienced. In its March 19, 2009 letter, YECL argues that, "this request was not answered" as regards "what

YEC believes have been the major underlying drivers of this (wholesales sales WAF Load) growth”, and “reiterates its request for this information.”

Yukon Energy is not in a position to usefully comment on “major underlying drivers”. As noted in the response to CW-YEC-1-3(c), Yukon Energy is not provided the data by YECL to track YECL’s retail loads in a manner that permits identification of the reasons for such variances. Yukon Energy forecasts are based on the best information available to it.

YECL-YEC-1-28(a) and (b) – YECL initially requested YEC provide complete details of all components of the \$800,000 estimate for rate case costs, including estimates for internal costs and external costs plus additional details on consultants’ costs (engagement letters, description of services provided, rates and estimated hours). YECL’s March 19, 2009 letter asserts that the response “was dismissive and did not provide the details requested”, noting that there was no evidence presented to justify the requested expense and test its reasonableness.

Yukon Energy’s answer was fully responsive. As noted in its response and in response to YUB-YEC-1-4, the \$800,000 is only a top-down, “placeholder” estimate (as noted at page 4 of the Application) and YEC did not have available any specific estimated amounts for consulting versus other services (such as travel or legal). YEC’s response also noted that all costs charged to the regulatory account are incremental costs (supplies, consultants, overtime, travel) and do not include normal staff salaries.

By way of update it is noted that, given the volume of IRs filed and the issues raised in this hearing process, it appears that initial placeholder hearing cost estimates were low. YEC will endeavor to provide more up to date placeholder estimates with its 2008 update filing. As in past hearing processes, subsequent to the hearing the Board will be reviewing and approving all cost filings as part of this hearing process and Yukon Energy’s actuals will be available for the Board’s review that time.

YECL-YEC-1-35(d) – YECL initially requested YEC to provide “the business case used by YEC in its decision to replace this [the current financial] system”.

YECL’s March 19, 2009 letter asserts YEC has not provided the necessary information including [YECL now asserts] NPV analysis, alternatives considered, benefits to customers and risk of not proceeding.

Yukon Energy’s answer was fully responsive. Its response referenced YUB-YEC-1-37(c) where YEC discussed the business case on this matter. For further clarification, the

relevant information currently available regarding the rationale for this expenditures has been provided in the Application (at page 5-17) and in response to interrogatories (YECL-YEC-35 and YUB-YEC-37(c)).

YECL-YEC-1-38(e) – YECL initially requested that if a market study was used to determine whether out of scope salaries are at market, that such study be provided. YECL’s March 19, 2009 letter notes that YEC confirmed that a market study was done “but could not be provided as it is proprietary in nature”; YECL’s letter went on to state:

“YECL does not accept this position as market studies are routinely filed by utilities in regulatory proceeding to support salary increases. There is no evidence on the record to support the reasonableness of this request or allow its testing by the Board or parties.

“As such, YEC should provide the study.”

In its response, YEC noted that a market study was undertaken but could not be provided since it was considered proprietary in nature and retaining the confidentiality of the study was part of the terms of Yukon Energy’s contract with the Hay Group. To be clear, due to contractual commitments, this information is considered confidential and cannot be provided.

YECL-YEC-1-43(a) – YECL initially requested that YEC provide a list of the training and conferences that have been attended by staff from 2005-2009, including the location of the training, conferences and business related travel and the costs associated with each. YECL’s March 19, 2009 letter states that YEC did not provide such detail, and requests that this information be provided.

Yukon Energy provided a sufficient and detailed response to the initial request, detailing in Attachment 1 to the response for each of the years noted the number of employees receiving training from each department, a description of the training received, the cost of the training and the location (inside Yukon or out of territory).

D. UCG Requests for further information

UCG asserts that “appropriate responses” have not been provided in a number of interrogatory responses. Yukon Energy notes that it was fully responsive to the questions as they were posed; however, where possible and relevant YEC has attempted below to clarify its responses, including elaborating on instances where requested information is

either not available or not practicable to provide. Yukon Energy also notes instances where UCG's requests in effect, go beyond the original IRs to Yukon Energy.

UCG-YEC-1-3(d) – UCG initially requested details of bill calculations (including all riders, rate relief and taxes) for a residential customer in Whitehorse in January 2005, January 2006, January 2007, January 2008, January 2009 and August 2009 (assuming the RSF expires in July 2009 and that “the rate adjustments proposed by YEC and YECL are approved”) using three specific energy levels per month. UCG's March 24th letter states that in the tables submitted in response by YEC, “there were no detailed bill calculations for any of the periods requested” and requests that YEC provide a more complete response which includes details of the bill calculations requested.

Yukon Energy's response referenced Table 4.7 of the Application, which shows detailed bill calculations with and without YEC's proposed rate changes. The referenced Table 4.7 and other tables provided at the end of Tab 4 of the Application provide sufficient and detailed information to respond to this request. However, to be as responsive as possible, YEC has provided UCG-YEC-1-3(d) REVISED as an attachment to this letter. This revised IR clarifies YEC's initial response and provides the additional information specified in the information request.

UCG-YEC-1-4(c) – UCG has asserted that the response to UCG-YEC-1-4(c) failed to provide the requested diesel generation data for 2008. UCG also asserts that the responses provided to UCG-YEC-1-4(c) and UCG-YEC-1-18 raise consistency issues related to the approach to the response (i.e., providing 2008 actuals in the response to UCG-YEC-1-18 and not providing 2008 actuals in UCG-YEC-1-4(c)), and to the consistency of information provided in the two responses (i.e., noting differences in litres of diesel fuel reported in each response and cost of fuel reported).

UCG-YEC-1-4(c) REVISED is provided as an attachment to this letter, and provides 2008 data for both WAF and MD.

With regard to the differences noted between the response to UCG-YEC-1-4(c) and UCG-YEC-1-18, it is noted that UCG-YEC-1-4(c) requested details of diesel generation use in 2005, 2006, 2007 and 2008, while UCG-YEC-1-18 requested actual prices paid for purchased diesel fuel in each of 2005, 2006, 2007 and 2008. Further clarification regarding the differences in information requested and provided in each response is set out below along with additional tables that reconcile the information regarding litres of fuel provided in UCG-YEC-4(c) with the litres for fuel referenced in UCG-YEC-1-18.

YEC purchases fuel for both generation and station service requirements. The table provided below notes total WAF litres used for both generation and station service. Note the 13, 389 litres consumed at Whitehorse in 2005 for generation is the annual diesel generation amounts for Whitehorse noted in response to UCG-YEC-1-4(c) as filed.

Total WAF Diesel Generation and Station Service (Litres)

Annual Summary	Diesel - Generation			Diesel - Station Service		
	Whse	Faro	Total	Whse	Faro	Total
2005	13,389	8,815	22,204	31,558	6,335	37,893
2006	185,812	203,694	389,506	1,218	2,702	3,920
2007	99,370	29,241	128,611	5,500	4,740	10,240
2008	309,293	26,014	335,307	50,149	15,182	65,331

The litres consumed in generation together with the litres consumed in station service in 2005 equal 44,947 litres in Whitehorse. This does not reconcile with the total litres of diesel fuel purchased in 2005 as noted in response to UCG-YEC-1-18 (noted as 40,910 litres of fuel purchased in 2005 in that response). This difference is due to the fact that more diesel was used than actually purchased in that year (with some diesel used coming from inventory rather than 2005 purchases).

The table below reconciles the total WAF purchases of diesel fuel with the total litres of fuel used in each of the years 2005 through 2008, and notes in the third column under “purchases” the total litres of fuel purchased from 2005 through 2008. This reconciles with the response to UCG-YEC-1-18. However, “usage vs purchases” as noted in the table below demonstrate that the usage in Whitehorse in 2005 was greater than the amount actually purchased in 2005 by 4,037 litres. The total 40,910 litres purchased and the additional 4,037 litres used reconcile to the 44,947 litres used in 2005 when total diesel used in generation and in station service are combined (see above table).

Total WAF Purchases and Diesel Usage - Net Change by Year (Litres)

Annual Summary	Purchases			Usage Vs Purchases (Net Change by year)		
	Whse	Faro	Total	Whse	Faro	Total
2005	40,910	0	40,910	4,037	15,150	19,187
2006	213,956	214,880	428,836	(26,926)	(8,484)	(35,410)
2007	81,221	40,465	121,686	23,649	(6,484)	17,165
2008	359,695	40,005	399,700	(253)	1,191	938

Similar to the information provided above for WAF, the table provided below notes for MD total diesel used for generation and for station service.

Total MD Diesel Generation and Station Service (Litres)

Year	Diesel - Generation			Diesel - Station Service		
	Dawson	Mayo	Total	Dawson	Mayo	Total
2005	131,519	5,901	137,420	40,380	0	40,380
2006	67,306	1,561	68,867	39,810	0	39,810
2007	197,725	6,457	204,182	32,468	0	32,468
2008	119,703	(372)	119,331	36,550	0	36,550

The table below reconciles the litres of fuel used (noted in initial response to UCG-YEC-1-4(c) and in table above) with litres of fuel purchased (per response to UCG-YEC-1-18):

Total MD Purchases and Diesel Usage - Net Change by Year (Litres)

Annual Summary	Purchases			Usage Vs Purchases (Net Change by year)		
	Dawson	Mayo	Total	Dawson	Mayo	Total
2005	151,934	10,000	161,934	19,965	(4,099)	15,866
2006	105,913	0	105,913	1,203	1,561	2,764
2007	247,060	5,500	252,560	(16,867)	957	(15,910)
2008	139,289	0	139,289	16,964	(372)	16,592

The above data provided for WAF and MD will not reconcile exactly with the response provided regarding diesel purchases in UCG-YEC-1-18, due to the effect of fuel held in inventory at the beginning and end of the period.

With regard to the noted difference in annual average diesel prices it is noted that usage is calculated on an inventory weighted average basis while purchases are based on actual litres purchased and costs paid. With fluctuating prices there will be always be a difference between the two.

UCG-YEC-1-5(c) – UCG initially requested that YEC explain and illustrate the impact on base rates of eliminating each rider currently in use. UCG’s March 24th letter states that, while YEC provided an explanation of what would need to be done, “YEC did not provide any illustrative rate calculations for 2008 and 2009”.

Yukon Energy provided in full the available information in response to this interrogatory detailing at length the impact the elimination of each rider would have on base rates. YEC is not able at this time to provide useful illustrative rate calculations showing how base rates would be adjusted if each rider is eliminated. As noted in YEC's Application, it does not have access to the information needed to determine appropriate run-out rates for GS customers – and, as noted in the response to UCG-YEC-1-5(c), determination of such run-out would be a key first step in redesigning base rates after elimination of existing riders.

UCG-YEC-1-7(a) and (b) – UCG initially requested that YEC provide the billing data used to determine that 84% of non-government residential monthly bills used no more than 1,300 kW.h as well as similar data for 2005 through 2008. UCG's March 24th letter states that YEC “simply provided summary numbers”, and without more detailed billing data UCG is unable to confirm YEC's numbers or to run its own impact analysis. UCG requests that YEC provide the requested billing data.

Yukon Energy's response referenced Table 4-11 provided at the end of Tab 4 of the Application, and the table provided in response to part (b) of this interrogatory. YEC submits that these tables provide sufficient and detailed information to respond to this information request.

UCG-YEC-1-15(b) – UCG initially requested that YEC provide an update to Table 1 of the August 2005 report which shows the actual revenue to cost ratios for 2005, 2006, 2007 and 2008. UCG's March 24th letter states that YEC failed to provide actual revenue-to-cost ratios

Yukon Energy's response referenced UCG-YEC-1-93, which notes that the requested information could not be provided as the 2005 cost-of-service report did not update revenue to cost ratios and to complete such an update for all classes requires a full cost of service study to be undertaken.

UCG's March 24th letter acknowledges YEC's response and goes on to submit “YEC could have readily determined the costs to be recovered from each class of ratepayer based on the cost of service study filed in response to Board Order 2007-3 during the Minto PPA review. YEC can combine this cost analysis with its own billing data to determine actual revenue-to-cost ratios.” UCG requests that YEC provide the requested information.

Yukon Energy simply cannot provide the requested information. Yukon Energy's Minto PPA COS assessment focused only on the major industrial class and the type of

information requested by UCG cannot be obtained using that information. Further, as noted in earlier correspondence with the Board on this topic, a full Yukon Cost of Service Study utilizing information from all classes has not been undertaken and can only be accomplished with consolidated information from both Yukon Energy and YECL.

UCG-YEC-1-17(b) – UCG initially requested that YEC identify the regulatory approvals that it will be seeking related to Aishihik 3rd Turbine and the timing of related applications.

Yukon Energy noted in its response that all regulatory approvals required to proceed with this project had been obtained. The response to UCG-YEC-1-90(b) provides as follows with regard to licences obtained to proceed with this project:

The current Aishihik water license authorizes Yukon Energy to install a third turbine and associated appurtenances with a maximum generating capacity of 7 MW at the facility. No further licences are necessary.

UCG's March 24th letter suggests that YEC "should have indicated what approvals have been obtained so that an analysis could be conducted by YEC on what it believes is required for a project of this size. UCG is concerned that regulatory processes may have been circumvented by the government's participation in this project." UCG requests that, "YEC provide a more complete response by identifying all regulatory approvals obtained for the project."

Yukon Energy's answer was fully responsive to the initial IR. UCG is now seeking new information well beyond the scope of the original IR.

UCG-YEC-1-21(b) – UCG initially requested that YEC provide a comparative table of the forecast and actual load forecast by customer class for 2005, 2006, 2007 and 2008. UCG's March 24th letter asserts that the response is incomplete since YEC has not provided forecast and actual loads by customer class for 2008.

As noted in other Yukon Energy responses, actual load data for 2008 was not provided because it was not available at the time of filing interrogatory responses. Forecasts for 2008 are provided in the GRA.

UCG-YEC-1-22(b), (c) and (d) – UCG initially requested YEC provide a table showing the total actual monthly kWh usage in 2005, 2006, 2007 and 2008 of all residential customers in each Yukon community and the average Yukon residential monthly usage.

Yukon Energy does not have the specific detailed YECL information by community required to complete the response since most communities in Yukon are served at the retail level by YECL.

UCG's March 24th letter acknowledges YEC's response and submits "that YEC should have at least tried to obtain the requested usage data and, at the very least, provided data for the communities that it serves directly." UCG requests that YEC "provide the requested information for at least the communities that it directly serves and explain why it did not request the remaining data from YECL."

Yukon Energy fully answered the initial IR. Without the YECL data, nothing useful can be learned about overall residential class in Yukon by looking in detail at the communities where a very small percent of overall residential customers are served directly by YEC.

UCG-YEC-1-25(d) – UCG initially requested YEC provide a table showing revenue requirement per customer for 2005, 2006, 2007 and 2008. UCG's March 24th letter requests that YEC provide the requested information "in a format that is useful to UCG and other stakeholders by sub-dividing or adding an appropriate weighting factor."

Yukon Energy's response to the information request fully answered the initial IR. UCG has moved on to a "second round" IR seeking new information based on the response to the initial IR, which is not consistent with the Board's approved process.

UCG-YEC-1-31(c) – UCG initially requested that YEC explain the process YEC uses to determine the costs associated with the Minto diesel generators. UCG's March 24th letter states that YEC only explained how costs to be paid by Minto are to be determined, which UCG says "was not the question"; UCG states that it "is interested in understanding all the costs that are attached to the generators at Minto, not just the costs paid by Minto" and requests that YEC provide this information.

YEC responded to the question in the context in which it was asked (which focused on "Minto diesel generation", i.e., diesel generation as required by Minto). In response to UCG's clarified question, YEC's process for determination of costs attached to the generators "at Minto" is essentially the same as would be used to determine costs attached to generators at any other location, i.e., an assessment of capital, operating and maintenance costs directly assignable to each generator location. To go beyond this response and discuss "all costs" is asking for new information not reasonably requested in the original IR.

UCG-YEC-1-35(b) – UCG initially requested that YEC provide position titles and total compensation amounts for all positions that were compensated at more than \$100,000 annually in 2005, 2006, 2007, 2008 and 2009 (forecast).

As noted in YEC’s response, salary information for identifiable staff is protected by privacy legislation and cannot be provided.

UCG’s March 24th letter requests that YEC provide additional detail related to their response. UCG states that it is not clear on the provisions of “privacy legislation” that YEC is referring to and needs to understand the specific details of the perceived protection.

Yukon Energy fully responded to the information request as asked. For further clarification, it is noted that salary information is considered "personal information" under PIPEDA.

UCG-YEC-1-35(c) – UCG initially requested that YEC provide a table showing non-fuel operating and maintenance costs per customer for 2005, 2006, 2007 and 2008. UCG’s March 24th letter requests that YEC provide the requested information “in a format that is useful to UCG and other stakeholders by sub-dividing or adding an appropriate weighting factor.”

Yukon Energy’s response to the information request fully answered the initial IR. UCG is requesting new information not reasonably requested in the original IR.

UCG-YEC-1-38 (b) and (c) – UCG initially requested that YEC provide individual amounts paid by YEC to each member of the Board of Directors for 2005 (allowed), 2005 (actual), 2006 (actual), 2007 (actual), 2008 (actual) and 2009 (forecast).

As noted in YEC’s response, information regarding payments to individual Board Members is protected by Privacy legislation.

UCG’s March 24th letter requests that YEC provide additional detail related to their response. UCG states that it is not clear on the provisions of “privacy legislation” that YEC is referring to and needs to understand the specific details of the perceived protection.

Yukon Energy fully responded to the information request as asked. For further clarification, it is noted that this information is considered "personal information" under PIPEDA.

UCG-YEC-1-39(a) – UCG initially requested YEC provide Table 3.4 (employee complement history) updated with columns for 2005 Allowed and 2008 Actual. UCG’s March 24th letter notes that the actual 2008 was not provided, and asks that it now be provided.

YEC updated the table as requested to include 2005 Allowed, but noted that information for 2008 had not yet been compiled. An update to this response will be provided with the 2008 update filing.

UCG-YEC-1-46(e) – UCG initially requested YEC provide “documentation” outlining YEC’s requirement to make payments in lieu of property taxes to municipalities. UCG’s March 24th letter requests that YEC provide “the requested documentation that explains details of YEC’s legislated mandate to make payments in lieu of property taxes to municipalities and how these amounts are calculated.”

Yukon Energy noted in its response that it is owned by the YTG and therefore as such it makes payment in lieu of property taxes to municipalities instead of actually paying property taxes.

Yukon Energy submits that its response fully answered to the best of its ability the initial IR, but notes as further clarification that payments-in-lieu-of-taxes to municipalities are made in accordance with the Yukon Assessment and Taxation Act. The act can be found on-line at <http://www.gov.yk.ca/legislation/acts/asta.pdf>.

UCG-YEC-1-49(a) – UCG initially requested that YEC provide an update to Table 3.14 adding columns for 2005 Allowed and 2008 Actual. UCG’s March 24th letter notes that the actual 2008 was not provided, and asks that it now be provided.

YEC’s response noted that actual load data for 2008 was not available at the time of filing interrogatory responses and could not be provided. Cost of capital information for actual in 2008 will be provided in the update filing of Tab 7.

UCG-YEC-1-50 (b) and (c) – UCG initially requested that YEC describe in detail the calculations of the interest rates attached to each of the unsecured advances from YDC, including references to all source documents and explaining how this method of interest calculation was determined. UCG’s letter of March 24th states that “no details were provided by YEC nor were any specific references made to source documents (i.e., dates of Canada Bond Yields and Bank of Canada publications).” UCG has requested that this information be provided by YEC.

Yukon Energy's response was fully responsive to the question posed noting that interest rates attached to the YDC advances are the Long-Term Benchmark Canada Bond Yields for December 31 of the respective year (as published on the Bank of Canada website) plus 120 basis points. A link to the Bank of Canada website is provided below:

<http://www.bankofcanada.ca/en/rates/bonds.html>

UCG-YEC-1-71(a) – UCG initially requested that YEC update the referenced tables (4.11,4.12,4.14, and 4.15) assuming that the first energy block for residential customers is 1100, 1200 and 1300 kWh and the first block for general service customers is 2200, 2400 and 2600 kWh. UCG's March 24th letter submits that YEC should have at least tried to obtain the requested usage data [from YECL] and, at the very least, provided data for the communities that it serves directly". UCG requests that YEC "provide the requested information for at least the communities that it directly serves and explain why it did not request the remaining data from YECL."

As noted in the response provided by YEC, it is not feasible to provide the information requested as "the precise information about bill determinants as required to answer the above question can only be derived from YECL data that is not available to YEC." Further, "the implementation of such a change would require material rate redesign of YEC and YECL rates to ensure the full revenue requirement of both utilities was collected." Such measures are simply not feasible within the interrogatory process or within this hearing process.

Yukon Energy's response fully answered the initial IR. UCG is requesting new information beyond the scope of the original IR. Without the YECL data, nothing useful can be learned about overall residential class in Yukon by looking in detail only at the communities where a very small percent of overall residential customers are served directly by YEC.

UCG-YEC-1-78(a) – UCG initially requested that YEC provide the data that supports the statement that the Minto diesel units can be run without any emissions impact in Whitehorse. UCG's March 24th letter requests that YEC "provide more detailed justification for their conclusion and an indication of the emissions/climate change expert that will testify in this area at the upcoming hearing."

Yukon Energy's response fully answered the initial IR.

In its response YEC noted that the Minto mine is located 240 km north of Whitehorse and given the distance, running the diesel units in Minto is not expected to have any emissions impact on Whitehorse. An expert opinion was not required or sought to conclude that running diesel units at a location 240 km from Whitehorse will have a minimal impact in Whitehorse.

UCG-YEC-1-81(a) – UCG initially requested that YEC provide details of the budgeted and actual costs of customer extensions in 2005, 2006, 2007 and 2008 as well as the number of customers connected. UCG’s March 24th letter notes that the budgeted and actual 2008 was not provided, and asks that it now be provided.

YEC’s response provided the total number of customers connected in each year, including in 2008 as this information was readily available at the time of filing the response; however, actual spending for 2008 had not yet been finalized.

UCG-YEC-1-94(c) – UCG initially requested that YEC identify where capitalization transfers related to the Chant claims process are reflected in the Application. UCG’s March 24th letter requests that YEC “provide the details of where these costs were recorded, from where in the revenue requirement they were removed and how.”

YEC’s response was fully responsive to the question posed and noted that pursuant to the direction provided by the YUB, these costs are not allowed in regulated operations and so were excluded from the Application. UCG has asked for further clarification regarding where these claims are recorded and how they were removed from the revenue requirement. To be clear, these costs were never in the revenue requirement and consequently “could not be removed”.

UCG-YEC-1-96(b) – UCG initially requested that YEC provide an estimate on the amount of time that YEC staff and consultants have spent on Maximum Utility Investment. UCG’s March 24th letter states that “UCG is unclear as to whether no time has been spent on this issue or whether YEC is asserting that it cannot estimate the amount of time (and the associated cost) that has been spent on this issue”. UCG requests that YEC “provide the details as requested including, if no estimate is forthcoming, why no estimate can be made.”

As noted in the YEC response, “no estimate of time is available”. Any time spent assessing this issue was not specifically recorded and therefore cannot be estimated. For further clarification, YEC is not aware that any material time was spent assessing this specific issue.

UCG-YEC-1-98(b) – UCG initially requested that YEC provide the actual net revenue lag for 2005, 2006, 2007 and 2008, including the detailed calculations used to determine these revenue lags and the sources of data used in these calculations. UCG’s letter of March 24th states that the response does not contain any details on the requested revenue lags, and that the detailed calculations are needed before coming to any conclusion that no changes resulted in the last 4 years.

YEC’s response provided a link to the response to YECL-YEC-1-10 which in turn provided as Attachment 1 a copy of the Lead Lag Study filed in Tab 10 of the 2005 Required Revenues and Related Matters Application. This information provides the information and detailed calculations that are available to YEC. YEC has not done a new Lead Lag Study since that time.

E. CW Requests for Further Information

CW asserts that “appropriate responses” have not been provided for two interrogatory responses. Yukon Energy notes that it was fully responsive to the questions as they were posed; however, where possible and relevant YEC has attempted below to clarify its responses, including elaborating on instances where requested information is either not available or not practicable to provide. Yukon Energy also notes where CW requests information that goes beyond the original IR posed to YEC.

CW-YEC-1-2(a) – CW initially requested YEC provide a full explanation and demonstration of the statistical forecasting methods used by YEC to forecast energy sales and/or MW.h sales per customer in tables 2.3 and 2.4. The response provided linked to the response provided to LE-YEC-1-7(a). CW notes that, “the LE response does not provide the requested “demonstration” of the statistical forecasting methods used by YEC to forecast energy sales and/or MWH sales per customer in Tables 2.3 and 2.4.” Further, the CW notes that YECL in its GRA process provided “very in depth” statistical data and information which “clearly demonstrated its forecasting methods”. CW requests YEC provide similar detailed data and information in the same manner as YECL.

YEC’s response fully answered the initial IR. YEC fully described its forecasting methods in LE-YEC-1-7(a); YECL-YEC-1-21 and in YECL-YEC-1-19 (wholesale forecast), YECL-YEC-1-23 (secondary sales), and YECL-YEC-1-20 (industrial sales).

CW-YEC-1-27(b) and (c) – CW initially requested that YEC advise as to the source of the funds that Yukon Development lends to Yukon Energy and advise as to whether Yukon Development guarantees the debt of Yukon Energy.

CW notes that “it does not believe that the answer [to part (b)] is complete”, concluding that “the dividends and interest arising from YEC’s operations simply cannot be the sole source of funds for the parent YDC”. Again, CW contrasts the response to evidence filed by YECL in its 2008/2009 GRA, noting that “CW expects the same detail of information as to the source, cost of debt and prospective cost of debt as filed by YECL.” With regard to part (c), CW asserts that the answer provided is not responsive as to the guarantees that stand behind the debt instruments issued by YEC. CW notes that cost of debt has been ranked as High in importance pursuant to Order 2009-1, Appendix B and asserts that “YEC has not fulfilled its obligation to assure the Board that the 60% proportion of debt capital financing its rate base has been prudently incurred”.

The response provided by YEC was fully responsive to both queries noting that (1) YDC has earnings from interest, investments and dividends (typically interest and dividends from YEC), and (2) YEC’s only external debt is the TD Note which is guaranteed by the Yukon Government through YDC. It was further noted that the Minto Loans are secured by YDC (as provided for in the May 14, 2007 PPA Amendment); Minto provides certain security regarding these loans through the PPA as amended. No further information is necessary or relevant to this review.

Yours truly,

A handwritten signature in black ink, appearing to read 'D Morrison', with a long, sweeping flourish extending to the right.

David Morrison,
President & CEO