



YUKON ENERGY

2007 Business Plan

YUKON
ENERGY



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OVERVIEW/2006 REVIEW

This business plan outlines the goals, objectives and strategies for Yukon Energy for 2007 and reflects the Corporation's budgeting to achieve those goals. It also gives a summary of our 2006 major initiatives.

A primary focus in 2006 was our 20-year Resource Plan, which addresses our major electrical generation and transmission needs from 2006 to 2025. Yukon Energy filed the plan with the Yukon Utilities Board (YUB) in June and oral public hearings took place in November. The YUB is expected to make its recommendations to the Yukon Cabinet by January 15, 2007.

In addition to the YUB filing, Yukon Energy held community meetings around the Yukon to inform the public of our resource plan and to get their input.

The resource plan provides background information on the Yukon's power systems and gives an overview of what we expect our near-term and longer-term requirements will be, taking into account a number of industrial development scenarios as well as new capacity criteria recently adopted by Yukon Energy to better protect customers from outages. It also outlines a number of short-term projects to meet electrical needs on the Whitehorse-Aishihik-Faro grid to 2012. The projects include a third turbine for our Aishihik plant, the construction of a Carmacks-Stewart Transmission Line and the refurbishing or replacement of our oldest diesel generators. A fourth project involving fall and winter storage on Marsh Lake was dropped from the plan after it became apparent that the initiative would not be licensed in the near term because of local residents' concerns about shoreline erosion and high fall water level impacts in low-lying areas.

It's almost certain that one new mine (Minto) and possibly a second one (Western Copper) will begin operating in the Central Yukon shortly. The Minto mine is more than one-third built and expects to be in production by the second quarter of 2007. Western Copper is going through the permitting stage and hopes to be operating by 2008.

Because of this, Yukon Energy devoted a great deal of effort in 2006 to moving ahead with the planning and permitting work necessary for a new transmission line from Carmacks to Stuart Crossing. This would allow us to not only supply the Minto and Western Copper mines with hydro power, but also to connect our two power grids.

In addition to filing detailed information about this project with the YUB, Yukon Energy made a submission in October to the Yukon Environmental and Socio-Economic Assessment Board (YESAB). We also carried out extensive consultations with the Northern Tutchone First Nations, reaching agreement with them on a selected route for the proposed transmission line.

Yukon Energy underwent a strategic planning exercise in 2006 to identify our goals and objectives for the next few years, and to pinpoint strategies aimed at meeting those goals

and objectives. This business plan reflects the conclusions reached during that planning exercise.

One outcome of the planning involved a re-organization of Yukon Energy, to make the most efficient use of our staff and to improve the way we do things. As a result, a number of our employees took on new roles or reporting lines.

This year also saw some changes at the senior management and board level. Ed Mollard became our new Chief Financial Officer, and Paul Birckel and Patrick James replaced outgoing board members Fred Blanchard and Carl Charlie.

As is the case elsewhere in Canada and beyond, the aging baby boomer population will mean a large percentage of Yukon Energy workers will be eligible for retirement within the next 10 to 15 years. When they leave, so will their accumulated knowledge and skills. One of the ways we are addressing this is by creating various apprenticeship programs. Our plan had been to start up such a program in 2006 for power line technicians. However because of some vacancies and an injury of one of our employees, this initiative was delayed. We are now back on track and are recruiting for two apprentices who will work under the supervision of our journey power line technicians to fulfill the requirements outlined in the Yukon Apprenticeship Program.

Yukon Energy also invested generously in employee development in 2006, with all sectors of our workforce receiving training opportunities. A financial investment target of 2.7 percent of total payroll costs was allocated for staff training.

In terms of major capital projects, Yukon Energy spent about \$1.3 million to refurbish the second of our Aishihik hydro units. After 30 years of service, the unit required a complete overhaul (the first unit at Aishihik was refurbished in 2003). As well as being mechanically 'renewed', the second generator now has an electrical capacity of about 10 percent more than it did before the overhaul.

A failed feeder cable at Aishihik caused an outage that left much of the Southern Yukon without power for several hours in January. We have since replaced all nine of the cables. We have also addressed a re-occurring problem with the governor in our Whitehorse hydro unit #4, by designing and installing a new governor control system.

As a result of assessments done of our core assets, including generators, transmission lines and substations, a variety of projects were carried out in 2006 to ensure our assets reach their expected lives or are extended beyond their expected lives.

Work continued in 2006 to obtain property easements for our generation and transmission assets. Yukon Energy staff completed the land tenure cataloging for Mayo, Dawson and Faro and obtained approximately 450 registered easements.

Yukon Energy continued the initiative started in 2005 to select and implement a new customer billing system. Currently we outsource our customer billing services from

Yukon Electrical Company Limited. However we expect this system will be replaced within the next year.

We are committed to a fair, transparent process for the purchase of goods and services made on behalf of the Corporation. In 2006 we developed and maintained a pre-qualified list of vendors which we have posted on our web site. We have also listed Yukon Energy's awarded contracts on our site.

Another on-going project in 2006 was the development of a comprehensive records management system. A Records Management Advisor was contracted to help develop policies and procedures, and assist in organizing our corporate records and library.

In 2005 Yukon Energy drew up a five year strategic plan for our information and communications systems, to ensure we have the necessary tools to run our corporation cost-effectively. Over the last year we have implemented some of the most critical areas identified in the plan. This included upgrading our network security systems and implementing an email archiving system.

In 2006 we continued the difficult work of trying to resolve two disputes with the federal government, concerning the removal of some contaminated soil at our Whitehorse property, and with respect to costs incurred to renew our Aishihik water license. As well, we worked to resolve a dispute with Chant Construction regarding the Mayo-Dawson transmission line. In each case progress is slow, but we remain hopeful that these issues will be dealt with in the coming months.

MANDATE

Established in 1987, Yukon Energy is a publicly owned electrical utility that operates as a business, at arms length from the Yukon government. We are the main generator and transmitter of electrical energy in the Yukon and we work with our parent company Yukon Development Corporation to provide Yukoners with a sufficient supply of safe, reliable electricity and related energy services.

There are almost 15,000 electricity consumers in the territory. Yukon Energy directly serves about 1,700 of these customers, most of who live in and around Dawson City, Mayo, and Faro. Indirectly, we provide power to many other Yukon communities (including Whitehorse, Carcross, Carmacks, Haines Junction, Ross River and Teslin) through the Yukon Electrical Company Limited. Yukon Electric buys wholesale power from Yukon Energy and sells it to retail customers in the territory.

Yukon Energy has the capacity to generate 116 megawatts of power. Seventy-five megawatts of that are provided by our hydro facilities in Whitehorse, Mayo and Aishihik Lake (40 megawatts at Whitehorse, 30 megawatts at Aishihik and five megawatts at Mayo), 39 megawatts by diesel generators (which we currently only use as back-up) and 0.8 megawatts by two wind turbines located on Haeckel Hill near Whitehorse.

Yukon Energy is regulated by the *Business Corporations Act*, the *Public Utilities Act* and the *Yukon Water Act*.

Our headquarters are located near the Whitehorse Rapids hydro plant in Whitehorse, with community offices in Mayo, Faro and Dawson City.

VISION

We are recognized as one of the best managed utilities in Canada, meeting the needs of our customers with a sustainable, reliable, cost-effective supply of electricity.

MISSION

To strengthen and grow our core businesses of generation, transmission and distribution through:

- Concluding a purchase power agreement with Minto
- Putting in place an effective corporate governance process and securing approval and financing for our near-term resource plan projects
- Reviewing opportunities to rationalize our operating assets
- Improving organizational capabilities – planning and project management, streamlined work processes and improved communications
- Strengthening our human resources through an emphasis on employee development, improving teamwork and the implementation of strategic workforce

initiatives

VALUES

Our actions and activities are guided by our core values:

- Commitment
- Integrity
- Effective Service
- Safety
- Learning, Growth and Development
- Respect
- Teamwork
- Accountability

MAJOR 2007 INITIATIVES

In 2006, Yukon Energy underwent a strategic planning exercise to identify the Corporation's goals and objectives for the next few years, along with strategies for achieving those goals and objectives. This business plan reflects the decisions made and priorities identified during the strategic planning process.

However some of Yukon Energy's initiatives with regards to our 20-Year Resource Plan may need to be re-visited depending on the outcome of our submissions to the Yukon Utilities Board and the Yukon Environmental and Socio-Economic Assessment Board.

For the time being at least, we will proceed in 2007 with planning for Phase One of the Carmacks-Stewart transmission line, the rebuilding or replacement of one of our Mirrlee diesel generators and the preparation for construction of a third turbine at Aishihik.

With regard to the Carmacks-Stewart line, we expect detail engineering will be completed this year for Phase One of the project (Carmacks to Pelly) and purchase power agreements with both Minto and Western Silver will be in place. Without the Minto agreement, Phase One of the line will not be built. In addition, Yukon Energy must receive the approval of the Minister prior to proceeding with construction. If all goes as planned, construction will begin in the fall of 2007. We will continue to work in a meaningful way on this project with the Northern Tutchone First Nations and with other stakeholders.

We will make a final determination as to whether to replace or rebuild our Mirrlees units, and in what order they are to be rebuilt/replaced. Work on the Mirrlees will form only part of a larger overall plan to improve and upgrade the Whitehorse diesel plant. Related work this year will include replacing the Mirrlees cooling and auxiliary systems, and doing electrical upgrades.

In keeping with our commitment of major preventive maintenance, Yukon Energy will refurbish our hydro unit #4 this year. WH4, known as the Fourth Wheel, is one of our prime, year round hydro generators and its overhaul should insure continued reliable power to Yukoners.

In 2003-04, Yukon Energy had an assessment done of our core assets, including generators, transmission lines and transmission substations. In 2007 we will continue the upgrading work started two years ago to address various issues identified in the assessment. Specific projects include installing a new transformer in the Mayo substation to feed the Keno/Elsa line, replacing the Little Salmon PT substation and upgrading the WAF and Elsa/Keno lines.

Yukon Energy recognizes that our employees are our most valuable resource. A large percentage of our workers will be eligible for retirement within the next 10 to 15 years, and when they leave so will their accumulated knowledge and skills. In 2006 staff

surveys were conducted to determine what would make employees stay with the company longer. This year we will act on the findings of that survey. We will also continue to make staff training and development a priority in our corporation.

Several new positions have been created at Yukon Energy, to reflect the increase in activity with regards to major capital projects (ex. Carmacks-Stewart line) as well as the commencement of our Apprenticeship Program.

Yukon Energy is committed to providing our employees with a safe, healthy and informed workplace. We will implement a safety strategy that will involve educating our staff through the use of guest speakers, newsletters and posters. We will also identify strategies for improving internal communications, building teamwork and engaging staff.

Work will continue in 2007 to obtain easements on land on which our assets are located. Over the last two years Yukon Energy has done the necessary field surveying and mapping, as well as the land tenure cataloguing for several communities. This year we will focus on obtaining many of the approximately 2,000 registered easements that are required.

Yukon Energy will continue the initiative started two years ago to select and implement a new customer billing system. Currently we outsource our customer billing services from Yukon Electrical Company Limited. However we expect this system will be retired within the next year. We have started the selection process and will switch to a new system by the end of 2007.

Finally, we hope to have a new governance process in place this year, along with government support for our strategic plan and resource plan. As well, we are hopeful there will be resolution in 2007 of our long-standing claims against the federal government with respect to costs incurred to renew the Aishihik water license, and against Chant Construction regarding the Mayo-Dawson transmission line project.

ECONOMIC OUTLOOK

This business plan is based on general (national and global) and local (territorial) indicators.

General economic indicators that are of note:

- Canadian Gross Domestic Product is expected to grow 2.9 percent in 2007, compared to a 2006 forecast of 2.7 percent.
- Softening US growth has moderated inflation concerns. Bank of Canada short term rates are expected to remain flat until late 2007.
- Crude oil prices have declined significantly and are expected to average \$65USD/bl. for 2007.
- Base metal prices are expected to continue their strong performance, fueled largely by growth in China and India.

Detailed economic forecasts for 2007 for Yukon are not available however, the general expectations are for steady growth in the two percent range. To the extent the local economy has benefited from a number of government spending initiatives (e.g. Canada Winter Games), the Corporation forecasts this spending to be partially supplanted by private spending on energy and minerals exploration projects (this assumption corroborated with YTG economic forecasters).

PLANNING ASSUMPTIONS

Revenues

Wholesale Sales – our largest category of sales representing 80 percent of sales dollars. As in prior years wholesales sales are initially based on forecasts provided by Yukon Electrical Company Limited (YECL) then adjusted through analysis by YEC. It is expected there will be an increase in 2007 over 2006 of 1.8 percent for primary sales.

Residential/General Service – indicators are for modest growth of one to 1.5 percent (dependent upon the amount of water treatment pumping activity to take place at ARM).

Secondary Sales are expected to achieve volumes comparable to 2006 as there are no new customers and monthly customer sales are now more established than in past years.

Labour

Management has prepared the forecast based on increases from collective bargaining and performance increments. Labour markets are forecast to continue to be very tight for 2007. Accordingly, management has forecast a 3.5 percent vacancy rate to allow for unstaffed positions.

Non-Labour

Non-labour costs consist generally of travel, fees and memberships, consulting and contracting, materials and supplies, and office expenses. Management's approach to budgeting in these areas consists of a review of historical spending, with adjustment for changes in known factors (e.g. cyclical maintenance activities).

Interest Expense

This amount assumes the forecast 2006 dividend is loaned-back to YEC at an interest rate of 6 percent.

Other related background

In preparing the 2007 Business Plan, management also took into consideration the following points:

- The recommendations arising from the strategic planning exercise in 2006;
- Resource plan-related activities: 1) rebuild/replace the Faro Mirrlees diesel generator or one of the Whitehorse Mirrlees); and 2) detailed engineering on Phase I (Carmacks to Pelly) completed and construction started.
- Resolution of MD Claims.
- Replacement of the Customer Billing System by end 2007
- Resolution of federal court claims
- New governance process in place
- Office space renovations will be completed to accommodate changes in organization and work force.
- Complete work on asset condition assessments.

- As a result of the re-organization conducted in 2006, the Corporation is expecting increased activity in the areas of Regulatory Affairs, Safety, and Information Technology.

2007 GOALS

The following goals represent the major areas of focus for Yukon Energy in 2007. Objectives and strategies have been developed for each goal and the necessary capital or operating and maintenance funds have been identified. The goals fall into five categories: generation and transmission, people, operational efficiency, business process improvements and governance.

Generation and Transmission

- Improve system reliability
- Minto supply-Carmacks/Stewart expansion
- Commence upgrade of Mirrlees diesels

People

- Safety: reduced lost time and critical incident frequencies
- Improved communication and teamwork
- Increased engagement
- Retention and employee development

Operational Efficiency

- Implement reorganization
- Rationalization of assets
- System controls and operability

Business Process Improvements

- CIS implementation
- Improve internal administrative/financial systems
- Implement new records management system

Governance

- New governance process
- Improved relationships with shareholder and government departments

MAJOR CAPITAL PROJECTS – 2007

In determining which capital projects should proceed in 2007, Yukon Energy management used prioritizing categories to assist in their decisions.

- Essential projects or acquisitions are those required to meet government regulations, environmental minimum safety standards or which are essential to maintain operations.
- Necessary projects or acquisitions are those required to maintain facilities and operations in adequate working order to meet anticipated activity levels.
- Justifiable projects or acquisitions are those that improve productivity with a new facility or the upgrade of an existing facility. These expenditures are justified using either a cost benefit analysis and/or a detailed qualitative analysis of customer value.

Based on these criteria, the following major capital projects are slated for 2007:

P126 WD3 Rebuild - \$1,250,000*

Mirrlees Cooling System Replacement - \$700,000

P126 Mirrlees Auxiliary Systems Replacement - \$425,000

Mirrlees Electrical Upgrades - \$225,000

These four projects form part of a larger overall plan to improve and upgrade the Whitehorse diesel plant (P126). This larger plan is particularly geared towards, but not limited to, upgrades to the Mirrlees engines and their associated auxiliary and structural components. *Note that we are currently reviewing which unit to rebuild or replace. It's possible we will rebuild a Faro unit instead of a Whitehorse one.

Whitehorse Hydro Unit #4 Overhaul - \$475,000

In keeping with our commitment of major planned mechanical preventive maintenance, we will refurbish our Fourth Wheel in 2007. It's been 10 years since the unit has had a major overhaul. WH4 is one of our prime, year round base load hydro generators and its overhaul should insure it can continue to provide Yukoners with reliable power.

Carmacks Stewart Transmission Line Phase 3 - \$445,000

In order to proceed with the potential construction of a transmission line from Carmacks to Stewart Crossing it is necessary to advance the project to the feasibility stage with all required permits. This is phase three of the environmental assessment and engineering work related to the project and is a continuation of the work started in 2006.

Western Copper Grid Connection Permitting - \$400,000

Western Copper has requested a grid connection to its mining project at the Carmacks Copper mine site. The money budgeted for 2007 will be used for the necessary socio-economic approvals and engineering work required before a final decision can be made on construction.

Vehicle Purchases - \$335,000

To qualify for replacement, Yukon Energy vehicles must meet two of three requirements: the vehicle must be at least seven years old, it must have at least 160,000 kilometres on the odometer or its repair and maintenance costs must be at least 15 percent of its replacement value. In 2007, Yukon Energy forecasts five vehicles will need to be replaced. *An additional \$180,000 has been earmarked in the 2007 capital budget for the potential late delivery of 2006 vehicles.*

Rocky Point Berm Remediation - \$250,000

This berm, built in 2002/03 to protect the Chemi Archaeological Site from erosion, is in need of remediation. Since maintenance of the berm is a requirement of our Aishihik water license, money will be spent in 2007 to re-build the structure.

Mayo Hydro Plant Extension - \$250,000

This is a project that began two years ago. The work is necessary to allow for the installation of the new switchgear at the Mayo plant. The existing switchgear room in Mayo is too small: the operator doesn't have enough space to perform tasks required in front of the switchgear and has no office area to work on administrative duties.

WAF Transmission Upgrades - \$200,000

This project is necessary so that repairs/replacements can be done to damaged structures on the WAF 138 kv transmission system. The lines on this system were built in the late 60s to mid 70s and due to their age are in frequent need of repair.

Transformer Refurbish/Replace - \$200,000

A new transformer will be put in the Mayo substation to feed the Keno/Elsa line. This unit was identified in the Substation Assessment Report as one that needed replacing.

Customer Billing System Replacement - \$200,000

Currently, Yukon Energy contracts with ATCO for its customer billing system needs. ATCO has informally told us the current system will be retired within a year. We have begun the selection process and will be converted to a new system by the end of 2007.

Main Office Sprinkler System - \$175,000

This is an item that was deferred from previous years because of shifting priorities. When the office building was constructed, it did not require a sprinkler system to meet code. Such a system is still not required. However YEC believe this project is important as a way of protecting our building. A full 'wet' sprinkler system will be installed throughout the office building, a fire pump will be installed, and an underground connection will be made to the LP hydrant system.

Infrastructure Plan Generation Follow-Up Work - \$200,000 and Substation Follow-up Work - \$150,000

In 2003-04, Yukon Energy had an assessment done of our core assets, including generators, transmission lines and transmission substations. The report looked at what could be done to ensure our assets reach their expected lives, or to extend their lives. In

2007 we will continue with the upgrading work started two years ago to address various issues identified in the assessment.

Little Salmon PT Substation - \$160,000

The existing substation is near the end of its life. Timbers are splitting and line to ground clearances are not up to code. The existing sub location is half way up a mountain and vehicle access is difficult. The new substation will be located a few spans down the line to a more accessible location. Yukon Energy had planned this project for 2006 but it was delayed because of a lack of line crew resources.

Station Service S164 (Takhini) - \$150,000

Currently, the power supply for station service at the Takhini substation is provided from one of YECL's substation feeders. The lighting and heating bills we must pay to Yukon Electrical are substantial. By installing a station service transformer at the Takhini substation, we will have independence from YECL's system and will be able to reduce our light and heating costs.

VISTA Upgrade and Modeling - \$150,000

This is a system for modeling the hydrology and electrical benefits of our existing and future hydro facilities and grids. It will be used for long term resource planning and short term water management.

Yukon Energy Corporation
2007 Business Plan
Statement of Earnings and Retained Earnings
(\$000s)

	Actual		Business Plan	
	2004	2005	2006	2007
Revenue				
Sale of Power	19,737	20,760	21,103	21,869
Revenue Rider (Rider "J")	5,167	5,246	5,391	5,613
Faro Mine Trust Transfer	-	292	389	292
Other Revenue	101	118	137	106
Total Revenue	25,005	26,416	27,020	27,879
Expenses				
Labour	5,134	5,451	5,731	6,170
Non Labour				
Operating and maintenance	1,725	1,894	2,100	1,971
Administration	2,303	2,907	2,538	2,771
Depreciation	5,816	4,494	4,754	4,878
Amortization	581	989	1,195	1,235
Insurance	984	909	915	893
Other Taxes	245	246	250	250
Fuel	210	137	50	25
Purchased Power	45	48	44	51
Total Expenses	17,042	17,075	17,577	18,244
Operating Income	7,963	9,341	9,443	9,635
Allowance for Funds Used				
During Construction	(115)	(102)	(93)	(105)
Interest Income	(43)	(104)	(25)	(125)
Interest Expense	2,926	4,500	4,691	4,963
Regulatory Loss ¹	-	1,225	-	771
Net Earnings	5,194	3,822	4,871	4,131
Return on Utility Equity - actual/forecast	8.73%	9.46%	8.78%	8.60%
Return on Utility Equity - allowed	9.14%	9.05%	9.05%	9.05%
Opening Retained Earnings	16,853	18,398	19,894	21,651
Net Earnings	5,194	3,822	4,871	4,131
Dividends	(3,649)	(2,839)	(3,114)	(3,759)
Closing Retained Earnings	18,398	19,381	21,651	22,023

¹ Regulatory loss represents costs related to contract disputes and deficiencies on the Mayo to Dawson transmission system project. These costs are written off in accordance with the direction of the Yukon Utilities Board in board order 2005-12.

Yukon Energy Corporation
2007 Business Plan
Balance Sheet
(\$000s)

	<u>Actual</u>		<u>Business Plan</u>	
	2004	2005	2006	2007
Current Assets				
Cash and Short Term Investments	1,719	4,068	3,709	3,394
Accounts Receivable	4,470	4,007	4,156	4,064
Inventories	2,651	2,099	2,405	2,217
Prepaid Expenses	838	218	181	226
Total Current Assets	<u>9,678</u>	<u>10,392</u>	<u>10,451</u>	<u>9,901</u>
Long Term Receivables	14	11	8	-
Trust Assets	772	791	828	843
Property, Plant and Equipment				
Cost	211,090	213,956	224,766	228,482
Accumulated Depreciation	(64,652)	(67,575)	(74,535)	(76,753)
Contributions for Extension	(13,371)	(13,948)	(15,099)	(14,673)
Total Property, Plant and Equipment	<u>133,067</u>	<u>132,433</u>	<u>135,132</u>	<u>137,057</u>
Deferred Assets	<u>6,843</u>	<u>8,196</u>	<u>7,897</u>	<u>9,197</u>
Total Assets	<u><u>150,374</u></u>	<u><u>151,823</u></u>	<u><u>154,315</u></u>	<u><u>156,998</u></u>
Current Liabilities				
Accounts Payable	3,256	3,253	1,802	3,606
Regulatory Liability	2,811	1,776	1,290	1,192
Yukon Development Corporation	6	1	-	-
Interest Payable	809	-	-	-
Total Current Liabilities	<u>6,883</u>	<u>5,030</u>	<u>3,092</u>	<u>4,797</u>
Reserve for Uninsured Losses	(797)	33	(123)	(123)
Trust Liabilities	772	791	828	843
Deferred Credits	21	20	10	10
Long-term Debt	86,097	87,568	89,856	90,447
Shareholder's Equity				
Share Capital	39,000	39,000	39,000	39,000
Retained Earnings	18,398	19,381	21,651	22,023
Total Shareholder's Equity	<u>57,398</u>	<u>58,381</u>	<u>60,651</u>	<u>61,023</u>
Total Liabilities & Shareholder's Equity	<u><u>150,374</u></u>	<u><u>151,823</u></u>	<u><u>154,315</u></u>	<u><u>156,998</u></u>

Yukon Energy Corporation
2007 Business Plan
Statement of Cash Flows
(\$000s)

	<u>Actual</u>		<u>Business Plan</u>	
	2004	2005	2006	2007
Cash provided from Operations				
Cash receipts from customers	24,625	27,361	26,833	27,970
Cash paid to employees and suppliers	(10,881)	(15,467)	(12,128)	(13,581)
Interest paid to YDC	(1,415)	(2,966)	(4,010)	(4,330)
Interest paid to Others	(1,511)	(1,534)	(681)	(633)
Interest received	43	104	25	125
	<u>10,861</u>	<u>7,498</u>	<u>10,040</u>	<u>9,551</u>
Cash provided from Financing				
Proceeds from (Repayment of) long term debt	(1,327)	(1,368)	(1,713)	(3,168)
Contributions in aid of construction	850	776	475	400
Dividends Paid	(3,444)	-	-	-
	<u>(3,921)</u>	<u>(592)</u>	<u>(1,238)</u>	<u>(2,768)</u>
Cash used for Investment				
Additions to capital assets net of contributions	(6,189)	(4,557)	(5,928)	(7,097)
	<u>(6,189)</u>	<u>(4,557)</u>	<u>(5,928)</u>	<u>(7,097)</u>
Net (decrease) increase	752	2,349	2,874	(315)
Cash at beginning of year	968	1,719	835	3,709
Cash and equivalents at end of year (Bank debt)	<u>1,719</u>	<u>4,068</u>	<u>3,709</u>	<u>3,394</u>
Components of Cash and cash equivalents				
Cash held for general business purposes	(1,092)	2,292	2,419	2,202
Cash held for specified business purposes	2,811	1,776	1,290	1,192
	<u>1,719</u>	<u>4,068</u>	<u>3,709</u>	<u>3,394</u>

YUKON ENERGY CORPORATION
SUMMARY OF
CUSTOMERS, ENERGY SALES AND REVENUES

Description	2004 Actual	2005 Actual	2006 Business Plan	2007 Business Plan
Residential				
Customers	1,311	1,336	1,323	1,377
Sales in MWh	10,199	10,160	10,271	10,497
MWh sales per customer	7.8	7.6	7.8	7.6
Revenue (\$000s)	1,213	1,215	1,223	1,251
Cents per KWh	11.90	11.96	11.91	11.92
General Service				
Customers	446	450	453	457
Sales in MWh	14,016	18,318	17,805	17,531
MWh sales per customer	31.4	40.7	39.3	38.4
Revenue (\$000s)	1,928	2,470	2,420	2,349
Cents per KWh	13.76	13.48	13.59	13.40
Industrial				
Sales in MWh	247	0	0	0
Revenue (\$000s)	17	0	0	0
Cents per KWh	7.00	7.00	7.00	7.00
Street lights				
Sales in MWh	257	257	256	270
Revenue (\$000s)	66	66	66	69
Cents per KWh	25.62	25.62	25.82	25.51
Space lights				
Sales in MWh	12	14	15	14
Revenue (\$000s)	3	3	3	3
Cents per KWh	21.52	21.45	20.58	21.28
Total Company - Firm Retail				
Customers	1,757	1,786	1,776	1,834
Sales in MWh	24,731	28,749	28,346	28,313
Revenue (\$000s)	3,227	3,754	3,711	3,672
Cents per KWh	13.05	13.06	13.09	12.97
Wholesale sales				
Sales in MWh	235,982	237,419	241,862	253,227
Revenue (\$000s)	16,141	16,239	16,543	17,321
Cents per KWh	6.84	6.84	6.84	6.84
Total Company - Firm				
Sales in MWh	260,713	266,168	270,208	281,541
Revenue (\$000s)	19,368	19,993	20,254	20,993
Cents per KWh	7.43	7.51	7.50	7.46
Secondary				
Sales in MWh	16,517	18,933	20,550	21,183
Revenue (\$000s)	369	767	849	875
Cents per KWh	2.23	4.05	4.13	4.13
Total Company				
Sales in MWh	277,230	285,101	290,758	302,723
Revenue (\$000s)	19,737	20,760	21,103	21,868
Cents per KWh	7.12	7.28	7.26	7.22
Rider J	5,167	5,246	5,391	5,613
Total Sales of Power	<u>24,904</u>	<u>26,006</u>	<u>26,494</u>	<u>27,481</u>
Other Revenues	101	118	137	106
Faro Mine Trust transfer	<u> </u>	<u>292</u>	<u>389</u>	<u>292</u>
Total Revenues	<u>25,005</u>	<u>26,416</u>	<u>27,020</u>	<u>27,879</u>

Explanatory Notes

(1) - The 2006 Business Plan amount was approved by YEC's Board of Directors prior to YUB final approval of 2005 Revenue Requirement. Under the terms of this final approval, the draw on the Faro Mine Trust cannot exceed the approved 2005 amount (\$292).

(1)