

YUKON  
ENERGY



YUKON ENERGY  
CORPORATION

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October 6, 2008

Ms. Wendy Shanks  
Yukon Utilities Board  
Box 31728  
Whitehorse, Yukon Y1A 6L3

Dear Ms Shanks:

**Re: Yukon Energy Corporation 2008 and 2009 General Rate Application**

Attached to this letter is the electronic version of Yukon Energy's 2008 and 2009 General Rate Application ("Application" or "GRA"). The filing consists of the Application and the Supporting Documents (comprising 10 Tabs of detailed materials).

This GRA deals primarily with "Phase 1" Yukon Energy revenue requirement matters for the test years of 2008 and 2009, and does not address "Phase 2" cost of service and general rate design matters that would require joint work by Yukon Energy and the Yukon Electrical Company Limited ("YECL").

Overall retail rate reductions are proposed by Yukon Energy for the GRA test years, reflecting benefits secured from timely completion of Stage One of the Carmacks-Stewart Transmission Project ("CSTP"), connection of the Minto mine to the hydro grid, and added major new firm sales of surplus hydro generation.

To begin the process of restoring efficient price signals, adjustments are also proposed to increase residential runoff rates, which presently serve to encourage residential electric heating, and resulting revenues are used to reduce further the first block residential rate.

All proposed rate adjustments for retail customers apply equally, when measured as percentages, to all classes of retail customers.

## **Interim Application for Retail Rates**

Yukon Energy previously committed to apply the benefits that accrue from providing grid service to Minto towards overall rate reductions. Before proceeding with this Application, however, Yukon Energy needed to be reasonably certain of the CSTP in-service date.

The completion of Stage One of the CSTP and initiation of service to Minto mine pursuant to the Minto PPA is now expected to occur in about mid to late October 2008.

Accordingly, this Application seeks to make relevant rate reductions effective for November 1, 2008, and continuing at the same level through the 2009 period. Further, in order to promote economy and efficiency as directed in OIC 1995/90, where feasible the rate reductions proposed are for first block rates only, without any rate rebalancing between customer classes. First block rate reductions for residential customers are further accentuated by the proposed initial increases in residential runoff rates.

Yukon Energy acknowledges that the public hearing process (including Board decisions) for the overall Application likely cannot be completed until well into the first half of 2009, and therefore requests approval of these rate adjustments effective November 1, 2008 on an interim refundable basis. The specific requested approvals are set out in the Application document, and the proposed revised Rate Schedules and Riders are attached to Tab 4 of the Supporting Documents.

Yukon Energy's reasons for proposing these interim refundable rates and riders are as follows:

- Yukon Energy has previously committed to apply the benefits that accrue from the Stage One CSTP, once service to Minto commences, towards overall rate reductions to ratepayers. With Minto expected to come into service in mid to late October 2008, the proposed rate reductions need to be in place as soon thereafter as feasible to ensure ratepayers experience rate benefits as they accrue.
- Given the present runoff rates do not provide an appropriate price signal, the proposed residential runoff rate adjustments need to be in place as soon as feasible in order to promote economy and efficiency

- An order for interim and refundable rates fully preserves the ability of the Board and all interested parties to review these specific rate adjustments during the public hearing process.

### **Proposed Process**

Yukon Energy proposes that the Board establish a process at the earliest practical opportunity to allow for interested parties to be identified and for a schedule to be developed for full public review of this Application in a manner that reflects the needs of all parties. Yukon Energy attaches a proposed schedule intended to provide realistic time frames at each stage of the process to permit each party to carry out its obligations to the process responsibly. We will arrange for publication of a Notice of the Board's process and date for public hearing in the local press once plans are finalized.

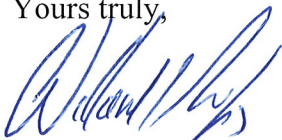
The first step in the proposed schedule is a Pre-Hearing Conference to address procedural matters (e.g., identification of intervenors, regulatory process, and other matters in the proposed schedule). The schedule anticipates that the Board will issue, after the Pre-Hearing Conference, a procedural order and regulatory agenda for review of the Application.

The schedule can also accommodate a workshop early in the process at which Yukon Energy could provide an overview of the overall Application to interested parties, if so desired by the Board. This potential workshop can be structured as required to accommodate the interests of the Board.

Notifications of this filing are being sent to YECL, intervenors in the current YECL GRA, and any other intervenors in Yukon Energy's 2005 Required Revenues and Related Matters hearing. Copies of this letter, the Application and the Supporting Documents are being made available via Yukon Energy's website in their entirety at [www.yukonenergy.ca](http://www.yukonenergy.ca) as well as being provided, where requested by interested parties, in hard copy format

If you have any questions regarding the above please call.

Yours truly,



David Morrison  
President & CEO

Attachment

**YUKON ENERGY**  
**2008/2009 GENERAL RATE APPLICATION**

**PROPOSED SCHEDULE**

Application to YUB	October 3, 2008
<b>Pre-hearing Conference and Workshop</b>	
Publish Notice of Pre-Hearing Conference and Workshop 2008	Prior to October 17,
Intervenors Register with Board	November 14, 2008
Workshop (Yukon Energy to provide summary of its proposals and Application	December 3, 2008
Pre-hearing Conference (identify intervenors, identify principal issues, regulatory process, scheduling and location of proceedings)	December 4, 2008

**Proposed Schedule for Review of Application**

IRs to Yukon Energy	December 15, 2008
Yukon Energy responses	January 19, 2009
Intervenor Evidence filed	February 9, 2009
IRs to Intervenors on their Evidence	February 16, 2009
Intervenor responses	February 26, 2009
YEC Rebuttal Evidence (if necessary)	March 5, 2009
Oral Hearing	March 10-12, 2009

Notes – Thanksgiving is October 13, Remembrance Day is November 11, Christmas is  
December 25, Boxing Day is December 26 and New Years Day is January 1.