

SHAREHOLDER LETTER OF EXPECTATIONS 2009-2010

From

**The Minister Responsible for the Yukon Development Corporation
("the Minister")**

To

**The Yukon Development Corporation ("Development") &
Yukon Energy Corporation ("Energy")
(together referred to as "the Corporations")**

Purpose

Under both the *Yukon Development Corporation Act*, and the *Corporate Governance Act*, the Minister and Development are required to negotiate an annual protocol ("Protocol") about performance expectations for Development and the roles of different persons in its work. In addition, it has been the practice of the Government of Yukon ("Government"), represented by the Minister, periodically to provide the Corporations with additional guidance in the form of a Shareholder Letter of Expectations ("Letter").

This Letter covers the period from its date of signature up to, and including, March 31, 2010.

As has been the case with previous Letters, this Letter was prepared after consultation between the Minister and the Corporations. It thus represents a shared understanding of the expectations of the Government in respect of the Corporations. In addition, this Letter records the commitments made by the Corporations to the Government in relation to the specific strategic priorities and performance expectations that are set out here.

For its part, the Government reaffirms its support for the Corporations in carrying out the activities described in this Letter. That support includes in particular the efforts of the Government to secure appropriate funding for Phase 2 of the Carmacks-Stewart Transmission line and the Mayo B hydro project.

Specific Initiatives to Meet Shareholder Guidelines

The Corporations will:

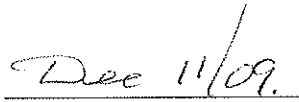
- Work with Energy, Mines & Resources (“EMR”) to complete the revision of the corporate governance structure for approval by the Minister and Cabinet;
- Work towards the development of a Territorial-wide electrical grid;
- Work with EMR and other stakeholders on the implementation of the *Energy Strategy for Yukon* and the Climate Change Action Plan;
- Prepare for an “Energy Project” regulatory review of the Mayo B project as outlined in Part 3 of the *Public Utilities Act* and work with The Yukon Electrical Company Limited in preparing for a cost of service study as part of the General Rate Application process before the Yukon Utilities Board;
- Begin work on Phase 2 of the Carmacks-Stewart Transmission line and the Mayo B hydro project, and support the Government’s efforts to secure appropriate funding for both;
- Develop a Project Agreement with First Nation of Nacho Ny’ak Dun for the Mayo B hydro project;
- Undertake the appropriate steps leading to the installation of a 3rd Turbine at Aishihik;
- Investigate the feasibility of potential water storage/control projects to increase the winter generation capacity of the Whitehorse and/or Aishihik hydro facilities (including Atlin Lake).
- Develop partnerships with B.C. Hydro and Alaska Power to advance the feasibility of the Taiya project;
- Ensure that there is in place, and implement, a regular maintenance schedule for Energy’s electrical infrastructure that is consistent with national guidelines, if any, and conforms where possible to established best practices in the industry;
- Ensure that there are in place effective plans to deal with power outages, and that those plans are consistent with national guidelines, if any, and conform where possible to established best practices in the industry;


- Carry out regular reviews of the maintenance schedule and outage plans described above, and adapt them to changing circumstances.

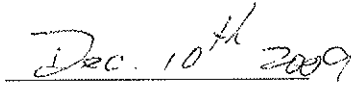
Communications Expectations and Reporting Requirements

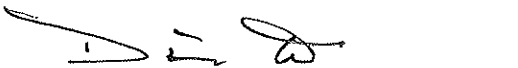
The Minister and the Corporations are committed to enhanced transparency and accountability to the public. To ensure effective and efficient day-to-day communications and relationship building, officials representing the Minister and the Corporations will be tasked with implementing the contents of this Letter and keeping the Minister and the Boards of Directors of both Corporations informed of progress.



Ray Hayes
Chair, Yukon Development Corporation


Date


Pat Irvin
Chair, Yukon Energy Corporation


Date


Dennis Fentie
Minister Responsible for the
Yukon Development Corporation and
The Yukon Energy Corporation


Date