

YUKON
ENERGY



YUKON ENERGY
CORPORATION
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December 5, 2011

Mr. Bruce McLennan, Chair
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Dear Mr. McLennan,

RE: Rate Schedule 39 – Escalation of Demand and Energy Charges per OIC 2007/94

OIC 2007/94 provides for the “escalation” of demand and energy charges as follows:

Demand and Energy charges for the directed changes are to be escalated once each calendar year, starting January 1, 2010, based on the latest percentage increase in the 12 month implicit chain price index for gross domestic product at market prices for Canada as reported by Statistics Canada.

As reviewed in Board Order 2008-13 which approved the current Rate Schedule 39 pursuant to OIC 2007/94, YEC committed to file for approval of the Board any further changes to Rate Schedule 39 as may be required to address escalation of demand and energy charges as provided for in OIC 2007/94. In this regard, YEC has also committed to submit a letter to the Board prior to December 5th of each related year setting out, for approval by the Board, the adjustments to rates as required to effect escalation of demand and energy charges as directed by OIC 2007/94¹.

The most recent data available from Statistics Canada indicates that the latest percentage increase in the 12 month Implicit Chain Price Index is for the Third Quarter of 2010, and equals 3.4%². Based on this latest data, there is a requirement pursuant to OIC 2007/94 to escalate the demand and energy charges for Rate Schedule 39 at this time by 3.4%, for rates to be effective January 1, 2012.

Yukon Energy expects that the above adjustment required by OIC 2007-94 can be made by the Board without an additional review process. In the event that the Board implements a wider review process,

¹ The requirement to escalate Demand and Energy charges once each calendar year in accordance with the OIC did not commence until January 1, 2010. No escalation was required in December 2009 because there was no increase in the chain price index for that year. A 2.8% increase was sought effective January 1, 2011. This was approved on an interim refundable basis by Order 2010-15 and on a final basis by Order 2011-4.

² See <http://www40.statcan.gc.ca/l01/cst01/gdps05a-eng.htm>

Yukon Energy applies to have the attached amended Rate Schedule 39 implemented on an interim refundable basis effective January 1, 2012 in order to ensure compliance with OIC 2007/94 direction.

A revised Firm Industrial Rate (Rate Schedule 39) with adjusted Demand and Energy charges is provided as Attachment 1. Attachment 2 provides the relevant quarterly information regarding the implicit chain price index for gross domestic product from Statistics Canada's website.

If you have any questions regarding the above please call.

Yours truly,

YUKON ENERGY CORPORATION

A handwritten signature in black ink, appearing to read 'Ed Mollard', written over a horizontal line.

Ed Mollard
Chief Financial Officer

RATE SCHEDULE - 39
INDUSTRIAL PRIMARY

AVAILABLE: Throughout the service areas of Yukon Energy corporation (“YEC”) and The Yukon Electrical Company Limited (“YECL”) served by the Whitehorse-Aishihik-Faro and Mayo-Dawson systems.

APPLICABLE: To all major industrial customers engaged in manufacturing, processing or mining with an electric service capacity in excess of 1,000 kW.

RATE: Charges in any one billing month shall be the sum of the following:

- (a) Demand Charge \$15.94/kV.A of billing demand
- (b) Energy Charge 8.08¢/kW.h for all energy used.
- (c) Fixed Charge

For service to Minto mine site, the Fixed Charge each month shall equal the payments required under the amended Power Purchase Agreement (the “PPA”) dated May 14, 2007 between YEC and Minto Explorations Ltd. (“Minto”) for monthly Capital Cost Contributions for transmission connection to the mine.

For service to Alexco mine and mill sites, the Fixed Charge each month will equal \$7,289 as required under the Power Purchase Agreement (the “PPA”) dated September 1, 2010 between YEC and Alexco Resource Corp. (“Alexco”) for existing transmission connection to the mine and mill sites.

Rate Schedule 39 (Continued)

**PEAK
SHAVING
CREDIT:**

For customers with an established Winter Contract Load in good standing, a Peak Shaving Credit in each billing month equal to 50% of the demand Charge times the Peak Shaved Load.

**MINIMUM
MONTHLY
BILL:**

The minimum monthly bill will be the sum of the Demand Charge and the monthly Fixed Charge, less any applicable Peak Shaving Credit.

**PEAK
SHAVED
LOAD:**

Peak Shaved Load in any billing month is the amount by which then nominated Winter Contract Load is less than the Billing Demand for the month.

**BILLING
DEMAND:**

The billing demand shall be the greater of:

- (a) The highest metered kV.A demand recorded in the current billing month;
- (b) The highest metered kV.A demand recorded in the previous 12-month period including the current billing month, excluding the months April through September; or
- (c) The contract minimum demand.

**WINTER
CONTRACT
LOAD:**

A customer may, by six months written notice to YEC, nominate a Winter Contract Load at not less than two-thirds of the customer's contract maximum demand subject to the following conditions:

- (a) The customer will thereby contract with YEC not to exceed the nominated Winter Contract Load whenever the temperature at Whitehorse is below -30 degrees Centigrade, based on YEC informing the customer by phone, fax or e-mail as to forecast and actual winter

- temperatures at Whitehorse as provided for in paragraph (b).
- (b) YEC will inform the customer at least one hour in advance, and not more than one day in advance, of a forecast temperature at Whitehorse being below -30 degrees Centigrade; thereafter, until YEC informs the customer otherwise, the customer will be responsible for ensuring that its metered kV.A demand does not exceed the Winter Contract Load during any hour when the actual temperature at Whitehorse is below -30 degrees Centigrade; YEC will inform the customer forthwith when the temperature at Whitehorse is no longer forecast to be below -30 degree Centigrade within the next 24 hours;
 - (c) The customer agrees that the contract for the nominated Winter Contract Load will continue until terminated by written notice of not less than 12 months by the customer to YEC;
 - (d) If during such contract period for the Winter Contract Load the customer's metered kV.A demand recorded, after YEC has provided notice as specified in paragraph (b), exceeds the Winter Contract Load when the temperature at Whitehorse is less than -30 degrees Centigrade, the Winter Contract Load contract will be terminated forthwith, the customer will forthwith be required to repay to YEC all Peak Shaving Credits determined within the previous 12 billing months, and the customer will also pay for that billing month to YEC as penalty an amount equal to four times the Demand Charge on the metered kV.A demand recorded in excess of the Winter Contract Demand; in addition, YEC reserves the right if so required to meet system loads when the temperature at Whitehorse is less than -30 degrees Centigrade during the then current month and the following 12 months to interrupt electricity supplied to the customer in excess of the previous Winter Contract Load.

**BASE
LOAD
ENERGY:**

A Base Load Energy amount per month may be established for a customer at 90% of forecast use when YEC expects to require diesel fuel generation to service use in excess of such a Base Load Energy amount. At such time, Rate Schedule 39

will be submitted to the Yukon Utilities Board for amendment to adjust the energy rate as required for a two part rate that yields the same overall energy charge at forecast energy use, with all energy consumed in excess of the Base Load being charged at a rate reflecting the incremental cost of service using diesel fuel generation and all other energy being charged at the reduced rate required to yield the same overall energy charge at forecast energy use.

**RATE
MODIFICATIONS
APPLICABLE:**

For fuel adjustment rider, see Rider F. Rider F applied to energy charges only, set to \$0.0 for fuel price forecast filed November 20, 2006 and charged as follows.

- (a) Fixed Rider F of 0.211 cents per kW.h charged only to Rate Schedule 39 customers to account for fuel price variance from price forecast filed November 20, 2006 to fuel price forecasts for 2009 as approved by the Board in Order 2009-08 and Order 2009-10 for Yukon Energy; plus
- (b) Ongoing Rider F per kW.h as required to ensure consistency, after consideration of the Fixed Rider F as provided for in (a) herein, with the Rider F applied to all applicable rate schedules to account for fuel price variance from price forecasts as last approved by the Board for Yukon Energy and Yukon Electrical GRAs.

**TERMS AND
CONDITIONS
OF SERVICE:**

The Company's Terms and Conditions of Service approved by the Yukon Utilities Board form part of this rate schedule and apply to the Company and every customer supplied with electric service by the Company in the Yukon and British Columbia. Copies of the Terms and Conditions of Service are available for inspection in the offices of the Company during normal working hours.



[Home](#) > [Summary tables](#) >

Related tables: [Gross domestic product](#), [Income and expenditure accounts](#).

Implicit chain price indexes, gross domestic product (quarterly)

	3rd quarter 2010	2nd quarter 2011	3rd quarter 2011	2nd quarter 2011 to 3rd quarter 2011	3rd quarter 2010 to 3rd quarter 2011
seasonally adjusted					
	2002=100			%	
Gross domestic product at market prices	122.4	126.2	126.6	0.3	3.4
Personal expenditure on consumer goods and services	112.0	113.9	114.2	0.3	2.0
Government current expenditure on goods and services	126.2	129.2	129.9	0.5	2.9
Government gross fixed capital formation	119.5	123.0	123.9	0.7	3.7
Business gross fixed capital formation	117.2	117.1	118.2	0.9	0.9
Exports of goods and services	105.8	114.0	114.2	0.2	7.9
Imports of goods and services	89.3	90.9	91.7	0.9	2.7
Final domestic demand	116.1	117.9	118.5	0.5	2.1

Sources: Statistics Canada, CANSIM, table (for fee) [380-0003](#) and Catalogue no. [13-001-X](#).
Last modified: 2011-11-30.

[Find information](#) related to this table (CANSIM table(s); Definitions, data sources and methods; *The Daily*; publications; and related Summary tables).

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